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New Leader Rules Out Early Vote In Japan

Hashimoto Pledges 'Drastic Changes' to Nation's Economy

Compiled by Our Staff From Dispatches

TOKYO — Ryutaro Hashimoto, Japan's new prime minister, rejected calls Friday for an early general election, saying that it was bad for economic recovery. He vowed to make "drastic" changes in Japanese society.

At his first press conference, Mr. Hashimoto also made it clear that Japan's most important bilateral relationship was with the United States, and he promised an open government that would make full disclosure a watchword.

Mr. Hashimoto, in a polished performance displaying the skills of calm persuasion that have made him popular, was unyielding in not going to the polls until he was ready. He said that Japan could not afford the break in government policies that an election would cause, and added that he was determined that his administration would make economic recovery its priority.

Without giving details, he said he wanted to reform Japan's political, administrative and economic systems. "The systems which have sustained Japan for the past 50 years now need to be drastically changed," he said.

Mr. Hashimoto also set the scene for a delayed visit to Japan in April by President Bill Clinton when he said good ties with Washington were crucial for Japan.

"I have always thought, and will continue to think, that bilateral relations is the most important diplomatic tie for Japan," Mr. Hashimoto said, referring to the United States.

However, he called on Washington to show "understanding" in solving the issue of U.S. bases on Okinawa.

Their future has been threatened by anger at the rape of an Okinawa schoolgirl for which three U.S. servicemen are on trial.

"How much have we paid attention to the feelings of the Okinawan people: to their sorrow, their suffering, their anger?" Mr. Hashimoto said. "We ourselves should be ashamed."

The prime minister did not say whether he wanted to move the bases off the southern Japanese island.

On his first full day in office, newspapers and opposition parties blitzed Mr. Hashimoto with demands that he dissolve Parliament as soon as it convenes on Jan. 22 and hold elections.

"We are not in a situation now where I should talk about dissolution of Parliament," Mr. Hashimoto said.

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J. David Ake/Agence France-Presse

Commuters in Falls Church, Virginia, stranded Friday, the second time in a week, after the Washington-area Metro system canceled some services.

Snowbound East Coast Gets Dumped On Again

Compiled by Our Staff From Dispatches

WASHINGTON — The East Coast of the United States, still shoveling, scraping and scooping through mountains of snow left by one of the worst blizzards in decades, closed down again as another storm hit the region Friday.

"It's like Mother Nature kicking us when we're down," said Mayor Edward Rendel of Philadelphia.

The storm stretched from the South into New England. It packed less punch than the blizzard that dumped more than 2 feet (60 centimeters) in many areas, but it served up a dangerous mix of snow and freezing rain that made driving even more difficult.

Washington came to a halt as the federal government closed again after opening just one day this past week. But the snow ended by early afternoon in most states and appeared less threatening than originally predicted, weather forecasters said.

Washington airports were closed for part of the morning but had resumed operations by afternoon.

American Airlines expected to cancel about 200 flights, with other flights to airports such as Newark, New Jersey, reporting up to four-hour delays, a spokesman said.

Continental Airlines canceled 25 percent of its flights at Newark, said a Port Authority spokesman, and other New York airports were reporting substantial delays.

City and suburban Metro and train officials also reported significant delays across the region, and several highways were closed in northern New Jersey after multiple-car accidents on the slick roadways, officials said. Snow, poor visibility and ice contributed to a collision between two buses in Pittsburgh on Friday that killed one person, critically injured 16 and left at least 27 more with less serious injuries, the police said. The earlier storm has claimed at least 100 lives.

President Bill Clinton announced Thursday that federal disaster assistance would be dispatched to states hit hardest by the latest blizzard.

In Charlottesville, Virginia, two teenagers were charged with misdemeanors after shoveling snow onto a car parked in a space they had spent hours clearing. The charge was car tampering.

"People have become kind of primitive," said Lyn Day, a psychologist in Roanoke, Virginia.

(Reuters, AP, AFP)

Syria Agrees To Upgrade Peace Talks With Israel

Meeting With Assad Clears an 'Important' Threshold, U.S. Says

By Steven Erlanger
New York Times Service

DAMASCUS — Syrian and Israeli envoys will resume their negotiations later this month with a renewed mandate and the help of ranking military experts for the first time, Secretary of State Warren M. Christopher announced Friday after a meeting with the Syrian president, Hafez Assad.

"Both parties understand the need to accelerate and intensify the discussions," Mr. Christopher said. "The negotiations have reached a new phase with a new intensity. I believe we've crossed an important threshold."

Both Mr. Assad and the Israeli prime minister, Shimon Peres, are now roughly agreed on what "a comprehensive peace" might mean, and "I believe both President Assad and Prime Minister Peres are determined to see the work is completed," Mr. Christopher said, with a goal of a finished peace treaty by the end of 1996.

"Both leaders see peace between Syria and Israel as bringing an end to the conflict between Syria, Israel and the Arab states," Mr. Christopher said.

Mr. Christopher said he would return to the Middle East in early February for further discussions with the Israeli and Syrian leaders after the next round of talks in the United States on Jan. 24, which is expected to concentrate on military and security issues involved in an Israeli withdrawal from the Golan Heights, seized from Syria in the 1967 Mideast war.

American officials spoke optimistically of their meeting with the cautious Mr. Assad. For the first time, they said, Mr. Assad sat with the Americans and his own negotiators around a conference table, encouraging discussion and making notes.

U.S. officials were particularly pleased that senior military officers from both sides would expand the core group of negotiators when the talks resume at Wye Plantation, on the Eastern Shore of Maryland. Security issues surrounding an eventual Israeli withdrawal from Golan were not raised in the opening round of talks last month.

The Israelis in particular wanted experts added to the talks in the next round to get them beyond generalities and into the details of issues such as the border between Israel and Syria, the extent of demilitarization, control over water rights and sources in the Golan and the monitoring of troop movements.

Seoul Indicts 2d Ex-President in Bribe-Taking Case

By Nicholas D. Kristof
New York Times Service

TOKYO — South Korean prosecutors indicted Chun Doo Hwan, a former president, on Friday on charges of taking $275 million in bribes, saying that he used pressure, such as the threat of punitive taxes, to elicit gifts.

Mr. Chun, a former army general who ruled South Korea from 1980 through 1988, is expected to go on trial next month and could face a life sentence.

The indictment was the latest in a string of actions in the last few months that have turned the South Korean establishment topsy-turvy.

Mr. Chun's successor, Roh Tae Woo, is already on trial on charges of taking bribes when he was in office, from 1988 through 1993. And the current president, Kim Young Sam, whose anti-corruption campaign helped lead to the arrest of his predecessors, admitted this week that he, too, had accepted money for an apparent political slush fund, although he said that he had stopped taking money when he became president.

The scale of the allegations Friday was extraordinary, suggesting that Mr. Chun's alleged slush fund was even greater than Mr. Roh's — which stunned South Koreans when it was disclosed to have accumulated about $650 million. Prosecutors said that Mr. Chun had admitted receiving a total of nearly $900 million for a slush fund while he was president.

"For politics, you need money," the prosecutors quoted Mr. Chun as having told them. They suggested that Mr. Chun was cooperating with the investigation, despite his hunger strike last month to protest the decision to prosecute him. Mr. Chun, who was arrested on Dec. 3 and transferred to a hospital during his hunger strike, was finally given drips for nourishment after he collapsed in late December.

Since then he has accepted food but remains in the hospital and has not yet been moved back to jail.

"His health has been improving, and he's been cooperating with this investigation," Kim Jong Oak, a senior prosecutor, said at a news conference in Seoul on Friday. Mr. Chun is being held

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AGENDA

Victor Korotayev/Reuters

RUSSIAN TROOPS LAND IN BOSNIA — A U.S. officer directing newly arrived Russians at Tuzla airport in Bosnia on Friday. Page 4.

Gingrich Pledges No U.S. Default

The House speaker, Newt Gingrich, promised Friday that U.S. government would not be allowed to default on its obligations as a result of the deadlock between Congress and the White House over a balanced budget.

"We will find a way to take care of the debt ceiling," Mr. Gingrich said at a press conference. (Page 3)

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Newsstand Prices

Andorra	10.00 FF	Morocco	14 Dh
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Cameroon	1,600 CFA	Réunion	12.50 FF
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Jordan	1.250 JD	U.S. Mil. (Eur.)	$1.20
Lebanon	US$ 1.80		

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Dow Jones	Trib Index
Down 3.98	Up 0.21%
5061.12	132.11

The Dollar

New York	Fri. close	previous close
DM	1.4437	1.4417
Pound	1.5475	1.544
Yen	105.25	104.895
FF	4.952	4.9477

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Hot Asian Stock Markets Can Still Burn Investors

By Kevin Murphy
International Herald Tribune

Some analysts say that where the chance of better gains exists, so too, does more risk.

HONG KONG — Asia's stock markets are running red hot again, and no one wants to listen to the case for caution.

"If there is perception that a tidal wave is coming, it can create a tidal wave," said Francis Middlehurst, director of research with Crosby Securities in Bangkok. "Everyone wants to try to get in ahead of it, and on it comes."

The buying wave continued Friday in several markets. The Philippine stock index was up by more than 3 percent, as was Indonesia's index, which hit a 23-month high. Singapore, Hong Kong, Thailand and Malaysia rose strongly, too, as the first two weeks of trading of 1996 closed with a bang.

Average daily trading on the Hong Kong stock exchange has nearly doubled this month, as it has in Singapore, where the benchmark index is up nearly 6 percent since the start of 1996. Hong Kong's Hang Seng Index gained 4.6 percent since the start of the year, and Bangkok's main index is up 7.4 percent. Kuala Lumpur's index rose 6.7 percent, Jakarta's, 7.2 percent and Manila's 5.9 percent.

"We decided at the end of last year that New York looked too high and it was time to shift into Asia," said a fund manager at a large financial firm. "Well, it looks like a lot of other people are thinking the same way."

The Tokyo market has lagged so far this year, up 2 percent. But optimism still prevails among some money managers. "Going into this year things look good," Edwin Merner, director of Schroder Capital Management International in Tokyo, told Bloomberg Business News.

"The yen's stable, liquidity is increasing, money supply is expanding, corporate earnings and capital investments seem to be going up, and consumer spending is showing signs of recovery — all of these things point to an economic recovery," Mr. Merner said.

"Are we going to be in a bull market this year? The answer is probably no, but still, the market could go up 10 to 15 percent."

A strong argument exists that several other Asian economies are poised to come out of economic slowdowns, just as doubts are emerging about Western countries' abilities to avoid recessions.

Thailand, for example, is probably at the end of a monetary tightening designed to avert a boilover.

See HOT, Page 4

At the Sidewalk Level, Wall Street Is Hurting

By Clyde Haberman
New York Times Service

'It ain't the '80s, I can tell you that,' said one store owner on the street who has seen better days.

NEW YORK — Wall Street laid an egg or two this week, as Variety once might have put it, but the Dow Jones has bounced back nicely, staying within range of the record levels it has enjoyed for months. Too bad this enthusiasm is not shared on the street itself.

That's Wall Street, the thoroughfare, not the metaphor. These are far from banner days for many in the financial district, where more companies than anybody cares to count have downsized, outsourced, attrited, restructured — you pick the euphemism to describe a steady flow of jobs out of lower Manhattan.

"The street itself is substantially weakened," said Andy Czegledi, part owner of Wall Street Camera, a photo shop at Wall and Water Streets. "I've been here since 1969. I remember when it was that if you tried to walk in rush hour against the crowd, they'd pick you up. Now, if you lay down in the middle of the sidewalk, nobody would even know you're there. That's how empty it is."

Empty, it isn't. Not really. Just the same, Wall Street's ranks have been thinned to a point that businesses there feel the pain every day. Bankers, brokers, clerks and secretaries who used to be their customers are simply not around anymore. In 1988, with high hopes, Rick Preston opened Neuchatel Chocolates, one of several stores in a mall that is part of the J.P. Morgan building at 60 Wall.

The stock market had survived its 1987 free fall, and Mr. Preston, whose capital came partly from his savings through years as a Plaza Hotel doorman, figured that he had nowhere to go but up. Like the market itself.

"We do O.K., but it's not what we expected," he said. "We never thought that people who buy the gourmet items would be affected by layoffs — you know, people who pay $30 for a pound of chocolate. But those are the people who are hurting. We used to have five or six regular corporate accounts in the area. Now, everyone's looking for a deal."

For those who make their living on the street, there was zero shock value in the headlines on post-Christmas retail figures, which confirmed that stores nationwide had their worst December in five years. No kidding, they said acerbically. You don't have to be a rocket scientist to understand that people without work are not going on buying sprees.

"I'd venture a guess that, between Battery Park and City Hall, we've easily lost 150,000 jobs since 1988," said Marvin Rafeld, who owns 14 Wall Street Jewelers.

"Now, if 1 percent of those 150,000 are my customers, that's 1,500 customers," he said. "You do the math. I need the bigger-ticket sale now to make my expenses. But I'd rather make a lot of $50 sales then have to depend on one $5,000 sale."

"It ain't the '80s, I can tell you that," he said. Still, Mr. Rafeld gets by — with smarter bargaining, he says, with a little downsizing of his own — "I don't even like the word" — and with financial understanding from his building's managing agent, John Wheeler.

To say the least, kind thoughts about the agent are not shared by maintenance workers from Local 32B-32J, who have been on strike at 14 Wall and 1,000 other office buildings for the past week. Those on the picket lines along Wall Street especially resent how the financial markets that they help keep functioning cheer every time a big company announces huge layoffs.

It happened again last week when AT&T announced it would eliminate 40,000 jobs: the Dow Jones industrial average shot up 60 points that day. This reaction hardly fills the maintenance workers with confidence in management assurances that their own jobs are secure for the long run.

In Finland, an EU Aide's Salary Goes Over the Top

By Tom Buerkle
International Herald Tribune

BRUSSELS — Call it a testament to Europe's economic and social disparity. Or perhaps to the ability of Europe's bureaucracy to attract controversy.

However you look at it, the appointment of a Finnish journalist to head the European Parliament's information office in Helsinki provoked astonishment and no small amount of envy this week when it was disclosed that the official will earn far more than the country's prime minister.

Renny Jokelin, a journalist who ironically was a harsh critic of his country's agreement to enter the European Union, was appointed recently at a salary grade that ranges from 307,704 to 437,645 Belgian francs ($10,400 to $14,800) a month, depending on experience.

After a 19 percent premium for Helsinki's high cost of living and an EU income tax of around 25 percent, Mr. Jokelin stands to take home between 230,778 and 328,233 francs a month, EU officials estimated.

Paavo Lipponen, Finland's prime minister, draws a gross salary of 44,400 markka ($10,230) a month, which Finnish officials estimated would translate to 26,000 markka after taxes.

In a country where politicians are paid modestly and nearly 17 percent of the population is unemployed, news of the EU salary caused shock.

"How can that be possible?" asked Finance Minister Liro Viinanen. Alac Aalto, a spokesman for Mr. Lipponen, said the news could affect public support for Union membership, which until now has remained strong in Finland.

EU officials acknowledged that the salary issue was embarrassing, as is a five-person Helsinki office to publicize the work of a Parliament with just 16 Finnish members. But they defended the bureaucratic pay nevertheless.

The pay scales are uniform, officials noted, and salaries that appear outlandish in Finland or Greece may be merely competitive in Germany or France. And while Mr. Jokelin's post ranks near the top of the scale, Gerhard van den Berge, head of personnel at the European Parliament, said he was finding it difficult to attract Finns and Swedes to secretarial positions and other lesser-paid posts at Parliament offices in Brussels, Luxembourg and Strasbourg.

A spokeswoman for Erkki Liikanen, a Finn who serves as the EU budget and personnel commissioner (gross salary 529,879 Belgian francs a month), said attempts to curb Eurocrat salaries have foundered since the pay scales were established in 1968 because of the need for unanimous agreement among member states on changes. Commission officials indicated that an overhaul might be possible when East European nations join the Union in the next decade.

Major Bars A Return to Thatcherism

Reuters

LONDON — Prime Minister John Major on Friday bluntly rejected a call by his predecessor, Margaret Thatcher, for a return to her right-wing agenda.

Speaking a day after Lady Thatcher reopened Conservative Party wounds with her most important domestic speech since she was ousted in an internal party vote in 1990, Mr. Major also repudiated her claim that the Conservatives were betraying their core middle-class supporters.

"The incentives and opportunities are there," an irritated Mr. Major told reporters in his constituency in eastern England.

The most controversy in Lady Thatcher's lecture was sparked by her scathing criticism of "One Nation" Conservatives. The phrase embodies a traditional Conservative notion of caring for society's underprivileged as well as its achievers.

Mr. Major, as well as Deputy Prime Minister Michael Heseltine, were among those, not necessarily from the left of the party, proud to call themselves One Nation Tories.

But on Thursday, Lady Thatcher angered many by equating the phrase with unflinching support for the European Union.

"As far as I can tell by their views on European federalism, such people's creed would be better described as 'No Nation Conservatism,'" she said.

Mr. Major, who is nursing a parliamentary majority of three, said he strongly agreed with Lady Thatcher's warnings about the dangers of a Labor government and her economic prescription for prosperity. But he rebuffed her attack on the One Nation tradition.

"We've been a One Nation Conservative Party since the beginning of time and we are now," Mr. Major said. "Who could suggest differently?

"We live and we win in the center-right of politics."

Lady Thatcher, by contrast, said it made no sense to try to move toward the center ground occupied by the Labor leader, Tony Blair, and dismissed as "baloney" the contention that the Conservatives were in trouble because they had lurched to the right.

"Splits and disagreements over important issues never did a party so much harm as the absence of honest, principled debate," she said, adding that lack of it led to "directionless failure."

But the extent of the damage that years of left-right squabbling has caused in the party was underlined by an opinion poll on Friday, which showed Labor has widened its lead over the Conservatives to 39.5 percentage points, compared with 39 a month ago.

A general election must be called no later than May 1997.

Russia's Foreign Chief Sets 'Great Power' Goal

By Alessandra Stanley
New York Times Service

MOSCOW — Russia's new foreign minister, Yevgeni M. Primakov, set the tone Friday for Russian foreign policy until the presidential elections next June. In keeping with the emotional political climate at home, his tone was decidedly nationalistic.

"Russia was and remains a great power," he warned in his first press conference since he was appointed. "Its foreign policy should correspond to that status."

Mr. Primakov said he intended to make Russia's partnership with the United States a more "equitable" one to protect Russian national interests. He reiterated his opposition to NATO expansion and stressed that Russia needed to show more leadership in its relations with the republics of the former Soviet Union and play a more significant role in Bosnia and other hot spots around the world.

But for all his tough talk, Mr. Primakov carefully steered away from any truly controversial assertions that would sound alarms in Washington or in Western Europe. Mr. Primakov was mainly addressing Mr. Yeltsin's opposition in Russia, and not his counterparts around the world.

Self-assured, relaxed and echoing the recent rhetoric of President Boris N. Yeltsin, Mr. Primakov's smooth presentation helped explain why Mr. Yeltsin chose him to take over from his embattled predecessor, Andrei V. Kozyrev, who was accused of being too accommodating to the West. With his decades of experience and solid Soviet credentials, Mr. Primakov is far less likely to become a target of nationalists and Communists and could help defuse foreign policy as a political issue at home.

His performance also shed some light on how Mr. Primakov, 66, who until this appointment was director of Russia's foreign intelligence service, managed to stay in the inner circles of power first under Leonid I. Brezhnev, then Mikhail S. Gorbachev, and now Mr. Yeltsin.

"He's pragmatic, not ideological, and he is very loyal," said Georgi Mirsky, a senior research fellow at the Institute of World Economy and International Affairs, who has known Mr. Primakov since their student days. "And he is very good at changing his loyalties to match the powers that be."

Some policymakers in Washington have expressed reservations, worried that Mr. Primakov's background as an Arabist would prompt him to try to expand Russian influence in the Middle East.

Yuri Kadobnov/Agence France-Presse
Mr. Primakov, Russia's foreign minister, taking his seat at a Commonwealth of Independent States meeting.

Ex-Lisbon Mayor Is Favored in Presidential Election

Compiled by Our Staff From Dispatches

LISBON — A Socialist former mayor of Lisbon appeared to be the favorite to succeed Mário Soares in Sunday's election to choose a new president.

Jorge Sampaio, a 56-year-old lawyer, has led opinion polls during the campaign to assume the mantle of Mr. Soares, also a Socialist and the dominant force in Portuguese politics for two decades.

Mr. Sampaio's center-right rival, Aníbal Cavaco Silva, has warned about a leftist domination of Portugal if the election is won by Mr. Sampaio, who has the backing of the Communists.

Prime Minister Antonio Guterres, meanwhile, said Friday that he had accepted the resignation of Public Works Minister Murteira Nabo over allegations of tax evasion that embarrassed the government two days before the election.

Mr. Nabo said that the allegations of tax evasion "had a basis in fact."

The minister said he had asked Mr. Guterres to replace him to protect the government's reputation.

Mr. Nabo had held office for just 15 days when the Lisbon weekly O Independente reported Friday that he had evaded tax on a house he bought in 1992.

The paper said Mr. Nabo paid 42 million escudos ($280,000) for the house but declared its value at only 33 million escudos. Under Portuguese law, buyers should pay about 10 percent tax on the value of the property.

The tax issue is uncomfortable for the Socialists since one of the reasons for their victory in October elections was the public's weariness with allegations of corruption during the previous administration of the conservative Social Democrats.

Mr. Sampaio was mayor of Lisbon in the early 1990s and has also been secretary-general of the Socialist Party. His rival, Mr. Cavaco Silva, 56, is a former prime minister, an economy professor and leader of the Social Democrats. *(AFP, Reuters)*

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PARIS and SUBURBS

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"Martin Luther King: a Man of Peace" will be the topic of the UNITARIAN UNIVERSALIST FELLOWSHIP OF PARIS Worship Service on Sunday, January 14, 12 noon. Foyer de l'Arc, 7 bis, rue du Pasteur Wagner, Paris 11. Metro Bastille. Religious education for teens and children. Child care. Meditation and spiritual growth groups. Social activities. For information call 30.82.75.33.

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THE CHURCH OF THE ASCENSION, Sun. 11:45 a.m. Holy Eucharist and Sunday School, Nursery Care provided. Seybothstrasse 4, 81545 Munich (Harlaching), Germany. Tel.: 49/89 64 81 65.

ROME

ST. PAUL'S WITHIN-THE-WALLS, Sun. 8:30 a.m. Holy Eucharist Rite I; 10:30 a.m. Choral Eucharist Rite II; 10:30 a.m. Church School for children & Nursery care provided; 1 p.m. Spanish Eucharist. Via Napoli 58, 00184 Rome. Tel.: 39/6 488 3339 or 39/6 474 3569.

BRUSSELS/WATERLOO

ALL SAINTS' CHURCH, 1st Sun. 9 & 11:15 a.m. Holy Eucharist with Children's Chapel at 11:15. All other Sundays: 11:15 a.m. Holy Eucharist and Sunday School. 563 Chaussée de Louvain, Ohain, Belgium. Tel. 32/2 384-3556.

WIESBADEN

THE CHURCH OF ST. AUGUSTINE OF CANTERBURY, Sun. 10 a.m. Family Eucharist. Frankfurter Strasse 3, Wiesbaden, Germany. Tel.: 49/611.30.66.74.

EUROPEAN BAPTIST CONVENTION

BERLIN

I.B.C., BERLIN. Rothenburg Str. 13, (Steglitz). Bible study 10.45, worship at 12.00 each Sunday. James Hetlin, pastor. Tel.: 030-774-4670.

BONN/KÖLN

I.B.C. OF BONN/KÖLN, Rheinau Strasse 9, Köln. Worship 1:00 p.m. Calvin Hogue, Pastor. Tel.: (02236) 47021.

BRATISLAVA

I.B.C. (English language, evangelical) Iuventa Room 205, Karloveska Ulica 64, Sunday 10:00, Pastor Ben Hanna, Tel. 715367.

BREMEN

I.B.C. (English language) meets at Evangelish-Freikirchich Kreuzgemeinde, Hohenlohestrasse Hermann-Bose-Str. (around the corner from the Bahnhof) sunday worship 17:00, Pastor Steve Sligh, Tel. 04791-12877.

BUCHAREST

I.B.C., Strada Popa Rusu 22, 3:00 p.m. Contact Pastor Mike Kemper, Tel. 312 3860.

BUDAPEST

I.B.C., meets in Morics Zsigmond Gimnazium, Torokvesz ut 48-54, Sundays, 10:00 Coffee Fellowship, 10:30 Worship. Take Bus 11 from Batthyany tr. Other meetings, call Pastor Bob Zbinden, Tel. 250-3932.

BULGARIA

I.B.C., World Trade Center, 36, Drahan Tzankov Blvd. Worship 11:00, James Duke, Pastor. Tel.: 669 666.

CELLE/HANNOVER

I.B.C., Windmulen Strasse 45, Celle 1300 Worship, 1400 Bible Study, Pastor Wert Campbell, Ph. (05141) 46416.

FRANKFURT

INTERNATIONAL CHRISTIAN FELLOWSHIP Evangelisch-Freikirchliche Gemeinde, Sodenerstr. 11-18, 65150 Bad Homburg. A friendly, Christ-centered, church serving the English-speaking community in the north Frankfurt and Taunus areas. All are welcome. Sunday Worship, S.S. + Nursery 09:45. Mid-week Housegroups, Women's Fellowships, Youth Ministry and Men's Prayer Breakfast. Pastor: M.P. Lavey. Call 06173-62728. E-Mail: 100024,511@ compuserve.com

BETHEL I.B.C. Am Dachsberg 92, Frankfurt a.M. Sunday worship 11:00 a.m. and 6:00 p.m., Dr. Thomas W. Hill, pastor. Tel.: 069-549559.

HOLLAND

TRINITY INTERNATIONAL invites you to a Christ centered, loving fellowship. Worship Services 9:00 a.m. and 10:30 a.m. with nursery Bloemcamplaan 54, Wassenaar 070-517-8024.

KIEV

I.B.C. English Language Service. 10:00 at 3-a Tolstoga Str. (Metro same). Pastor Buddy Barnett, ph. 269-8148.

LISBON

I.B.C. Second Floor of Third Baptist Church, Rua Filipe Folque 36, 19:30 hours, Pastor Steve Ford, Tel.: 418-5138.

MOSCOW

I.B.C. Meeting 1100; Kino Center Building 15 DruzDruzhinnikovskaya UL 5th Floor, Hall 6, Metro Station Barrikadnaya Pastor Don Deel, Tel.: (095) 971 3558.

MUNICH

I.B.C. Holzstr. 9 English Language Services. Bible study 15:45. Worship Service 17:00. Pastor's phone: (089) 690 8534.

NICE - FRANCE

I.B.C. 13 rue Vernier, English service, Sunday evening 1800, pastor Ray Miller - Tel.: (093) 320 596.

PRAGUE

INTERNATIONAL BAPTIST FELLOWSHIP meets at the Czech Baptist Church Vinohradska # 68, Prague 3. At metro stop Jiriho; Podebrad Sunday a.m. 11:00 Pastor: Al major, Tel.: (02) 311 7974.

WATERLOO

WATERLOO BAPTIST FELLOWSHIP Worship 1400 at Swedish Church, Chaussee de Charleroi 2 across from McDonalds. Tel.: 065 225076.

ZURICH - SWITZERLAND

I.B.C of Wädenswil (Zürich), Rosenbergstr. 4, 8820 Wädenswil, Worship Services Sunday mornings 11:00. Tel.: 1-4810018.

ASSOC. OF INT'L CHURCHES

BERLIN

AMERICAN CHURCH IN BERLIN, cor. of Clay Allee & Potsdamer Str., S.S. 9:30 a.m., Worship 11 a.m. Tel.: 030-8132021.

COPENHAGEN

INTERNATIONAL CHURCH of Copenhagen, 27 Farvergade. Vanlov, near Radhus. Study 10:15 & Worship 11:30. Tel.: 31624785.

FRANKFURT

TRINITY LUTHERAN CHURCH, Nibelungen Allee 54 (Across from Burger Hospital), Worship 11 a.m. w/Child care. Tel.: (069) 599476 or 512552.

GENEVA

EV. LUTHERAN CHURCH of Geneva, 20 rue Verdaine. Sunday worship 9:30. In German 11:00 in English. Tel: (022) 310.50.89.

JERUSALEM

LUTHERAN CHURCH of the Redeemer, Old City, Muristan Rd. English worship Sun. 9 a.m. All are welcome. Tel.: (02) 281-049.

PARIS

AMERICAN CHURCH IN PARIS. Worship 11:00 a.m. 65, Quai d'Orsay, Paris 7. Bus 63 at door, Metro Alma-Marceau or Invalides.

VIENNA

VIENNA COMMUNITY CHURCH. Sunday worship in English 11:30 A.M. Sunday school, nursery, international, all denominations welcome. Dorotheergasse 16, Vienna 1.

ZURICH

INTERNATIONAL PROTESTANT CHURCH English speaking, worship service, Sunday School & Nursery Sundays 11:30 a.m., Schanzengasse 25. Tel.: (01) 2525525.

SYNAGOGUES IN EUROPE

BRUSSELS

SYNAGOGUE BETH HILLEL Communauté Israélite Libérale de Belgique, Avenue de Kersbeek, 96. 115 Brussels. Rabbi Albert Dahan. Tel.: 32-2 332.25.28. Fax: 32-2-376.72.19.

BRIEFLY EUROPE

Bail Posted for Ex-Spain Aide

MADRID — In a blow to Prime Minister Felipe González's slim hopes in a March election, the Supreme Court on Friday imposed bail on a former interior minister and confined him to Spain while it probes a 1980s "dirty war" on Basque rebels.

José Barrionuevo, interior minister from 1982 to 1988, had his passport withdrawn and was told he must post bail of 15 million pesetas ($124,000) to remain free.

The ruling Socialist Party immediately provided bail in a display of support for the ex-minister, whom it plans to support in the March 3 election. His lawyer said he would appeal against Friday's ruling. Mr. Barrionuevo denies charges that he oversaw a campaign of bombings, kidnappings and murders against ETA, or Basque Homeland and Freedom, which killed 27 people from 1983 to 1987, mostly in southern France. *(Reuters)*

Phones Tapped, Berlusconi Says

ROME — Former Prime Minister Silvio Berlusconi confirmed Friday that his telephone conversations had been tapped, but he denied reports that magistrates were investigating him on suspicion of political trickery.

Television and news agencies reported on Thursday that the media magnate had been put under investigation in Brescia on suspicion of trying to stop the symbol of Italy's war on graft, Antonio Di Pietro, from entering politics.

Mr. Berlusconi said that there was no investigation and that the reports, which said the investigation stemmed from phone taps in November, were intended to discredit him politically. *(Reuters)*

Bonn Toughens Weizman Shield

BERLIN — Germany is preparing the tightest of security for the Israeli president, Ezer Weizman, who begins a four-day state visit Sunday that will include trips to several sites linked with the Holocaust.

Police concern that Palestinian Hamas guerrillas might seek revenge for the killing last week in the Gaza Strip of a terrorist persuaded authorities to assign 2,000 police to security duty during Mr. Weizman's stay. *(Reuters)*

French to Keep Security Plan

PARIS — France has decided to maintain its anti-terrorist measures despite increasing grumbling from security forces and previous promises to dismantle it after the start of the New Year.

"Despite the success of the police operation," the Interior Ministry said, "reasons for concern remain and a resurgence of terrorist acts cannot be excluded."

Police unions are increasingly unhappy with the decision to maintain Vigipirate, complaining of thousands of hours of overtime that remain unpaid and of fatigue. *(AP)*

Mitterrand 'Chose' Day of His Death

Reuters

PARIS — François Mitterrand, suffering from cancer, prepared meticulously for the end of his life and even chose the day on which he would die, friends and associates of the former French president said Friday.

"A few days before his death, he told me, 'Now I have my philosophy'," Roland Dumas, a close Mitterrand friend and former foreign minister, told France 2 television.

Last Saturday, Mr. Mitterrand, who had waged a long battle with prostate cancer, asked his doctor, Jean-Pierre Tarot, what would happen if he stopped taking all drugs except painkillers, according to the newspaper Le Monde.

Dr. Tarot responded that he would be dead within three days, the newspaper said.

Mr. Mitterrand stopped his treatments that day and died on Monday morning, aged 79. He had left office eight months earlier after a record 14 years as French head of state.

The day before his death, Mr. Mitterrand delivered a hand-written three-page letter to a longtime associate, André Rousselet, providing detailed instructions for his funeral.

The former president, an agnostic fascinated by death and religion, worked on his memoirs until the very end, his editor told the daily France-Soir.

"He worked on it until his last day alive, and he completed the task," the unidentified editor at the Odile Jacob publishing house was quoted as saying. Odile Jacob has declined official comment on the memoirs.

TRAVEL UPDATE

Snow Closes U.S. Airports Again

NEW YORK (Reuters) — Another snowstorm has hit the East Coast of the United States just as airports were struggling to get back to normal after days of closures and delays.

Travel by any means remained difficult in the Northeast on Friday. Washington D.C. airports were closed for part of the morning but had resumed operations by afternoon.

American Airlines expected to cancel about 200 flights, with other flights to airports such as Newark, New Jersey, experiencing up to four-hour delays. Continental Airlines canceled 25 percent of its flights at Newark, and other New York airports were reporting substantial delays.

50 Is Magic Number at Paris's Lido

PARIS (AP) — Best-known for its long-legged beauties strutting about in scanty costumes of sequins and feathers, the Lido reaches the half-century mark this year and is out to prove that life begins at 50.

Eager to draw a younger, hipper audience from Paris and its suburbs, the famed Champs-Elysées cabaret is giving free tickets to anyone celebrating a 50th birthday this year.

Torrential rains forced the closure of Cannes airport on the French Riviera on Friday and rising rivers forced about 260 families to flee their homes, officials said. In the area around Cannes-Mandelieu airport, about 18,000 homes had electricity supplies cut off for most of the day. *(Reuters)*

Correction

Because of a technical error, the Russell Baker column that appeared in the editions of Jan. 12 was repeated from the previous week.

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U.S. Will Not Default on Its Debt Obligations, Gingrich Pledges

By Adam Clymer
New York Times Service

WALNUT CREEK, California — Newt Gingrich, the House speaker, promised Friday to avoid more uncertainty about the nation's borrowing, saying, "We will find a way to take care of the debt ceiling."

He made the comment at a press conference here and left immediately without amplifying his remarks.

The nation's debt reached the statutory limit of $4.9 trillion on Nov. 15, and since then Treasury Secretary Robert E. Rubin has managed to avoid defaulting on bonds by borrowing from various government pension funds, which does not count against the limit. Some Republicans have said the Treasury secretary was skirting the law and threatened impeachment.

The biggest economic risk in the prolonged political deadlock over the budget has been that there might be no deal on raising the government's borrowing limit, bringing forth the prospect of the first default in history by the federal government.

Any suggestion that the government may not be able to pay its debts could raise uncertainty in the bond market, where investors are accustomed to being paid for taking higher risks by receiving higher yields. And an increase in the rates on Treasury securities would ripple through the economy.

At his press conference Friday, Mr. Gingrich also promised to keep the government open, saying "You may see us pass a continuing resolution every two weeks or every month, to keep the pressure on the president to get to a deal, but never close the government."

At another point, he said, "I believe now that we are really going to do everything we can to keep the government open," though at dramatically reduced spending levels.

Mr. Gingrich defended the two partial government shutdowns, of 6 days and 21 days, saying, "We really believed we could get to a short-term agreement and it was worth the effort and the difficulties to get to a budget agreement."

"When we concluded that we were not probably going to be able to get to an agreement in a reasonable period of time," he added, "we had to dramatically change what we were doing in the House."

He said that had been difficult, with objections from younger members when he proposed abandoning the strategy of keeping some of the government closed as leverage on President Bill Clinton.

"It's a little bit like a football team," Mr. Gingrich said. "We were all running off tackle, and now we're going to do a pass play. About a third of the members were going on, 'We like going off tackle, why are we doing a pass play?'"

The speaker also kept up his fire on President Clinton for saying that Republicans proposed "cuts" in Medicare, Medicaid and the earned income tax credit at his Thursday press conference. Republican plans for those programs included increased spending, but expenditures that would increase more slowly, the speaker insisted.

Mr. Gingrich said it was not fair to call a cut in the rate of growth a cut in spending.

He said, "When the president uses the word 'cut,' he is misinforming the American people."

Earlier, addressing an audience of 650 gathered to raise money for Representative Bill Baker, the local Republican, he sought to poke fun at the president over the issue.

"Maybe it's not his fault," the Georgia Republican said. In "an age when many people have unusual problems," he said, "maybe the president is factually challenged."

Earlier Friday, Mr. Clinton said a balanced budget was within easy reach, and pressed Republicans for an agreement locking in major spending cuts while putting aside disputes on major issues until after the November election.

Mr. Clinton said both sides should put on hold disputes over cutting taxes, Medicare and Medicaid.

"Let us be honest with the American people about what we disagree on and let the American people make their decision in November," Mr. Clinton told workers at a factory in Nashville.

"We can't just go on a work stoppage from now till November and not deal with this," he said.

"So we should balance the budget now and put the differences off and let you decide in November who you think is right. Whatever you say, it'll probably be right."

He said the two sides already had agreed on enough spending restraints to balance the budget within seven years and provide modest tax cuts.

Mr. Clinton and Vice President Al Gore were cheered by workers at the factory. They toured an assembly line, then shook hands with employees.

In his remarks, the president picked up on a theme he stressed at a White House news conference Thursday.

"I'm optimistic that we will balance the budget and I know we have come too far to let this opportunity slip away," he said.

Tax Blow May Hit Americans Abroad

Administration Would End $70,000 Income Exclusion

By Robert C. Siner
International Herald Tribune

WASHINGTON — Americans living abroad would lose their $70,000 earned-income exclusion under the balanced-budget proposal offered this past week by President Bill Clinton.

Provision 21 of the Clinton package would repeal the section of the tax code that covers the exclusion for the 1996 tax year and thereafter.

White House planners estimated that the repeal would add an estimated $9.6 billion in new revenue over the seven-year life of the program.

According to the latest available IRS figures, for 1991, U.S. taxpayers living abroad excluded nearly $9.7 billion in earned income on approximately 220,000 returns. IRS officials said that the number of returns and the amount excluded had increased somewhat since then.

The exclusion, first enacted in 1926 as an incentive for U.S. exports, allows an American living outside the United States to earn up to $70,000 a year without owing any U.S. income tax. Earnings beyond $70,000 are subject to tax. Provisions of the law also allow the exclusion for certain employer-provided housing expenses.

To qualify for the exclusion, a U.S. citizen must be a "bona-fide" resident of a foreign country or reside outside the United States for at least 330 days during any 365-day period.

The repeal is being fought by U.S. companies. They contend it that conflicts with the administration's pro-export policies by making it more expensive for them to send employees overseas.

Treasury officials argued that "there is little evidence" that the exclusion has led to higher exports.

The move drew protests from groups representing American companies with employees overseas. They argued that the repeal would make doing business overseas much more expensive and reduce U.S. competitiveness.

They cited the results of a survey released last summer that found that the exclusion "was critical for firms' ability to secure projects and compete internationally." The study was commissioned by the Section 911 Coalition, a group of Americans companies with employees abroad.

Talks with Republicans on balancing the budget have been suspended for at least a week.

Clinton Wins Admiration on the Front

By Rick Atkinson
Washington Post Service

TUZLA, Bosnia-Herzegovina — To some, he remains a draft dodger who never served in uniform. To others, he is just another political candidate looking for a "photo op" with the troops.

But when President Bill Clinton arrives here Saturday, he will find surprisingly strong support. The vast majority of soldiers that Mr. Clinton sent here at Christmas accept him first and foremost as their commander in chief. His visit is widely viewed as an act of good faith.

His first meeting with servicemen bound for the Balkans, a three-hour visit aboard the carrier Theodore Roosevelt in March 1993, drew jokes about draft-dodging and homosexuals in the military.

Mr. Clinton has not completely overcome his image problem with the military, but he has taken long strides toward repairing it. Conversations with dozens of soldiers suggest they have come to view him, sometimes grudgingly, as their rightful leader. They admire the risk he is taking to fly here.

"It's hoo-aah," said Sergeant Roland Baldomero, 33, a paratroop squad leader, using the all-purpose army expression of approval. "It definitely breaks the routine. The guys are pretty excited. As far as these soldiers are concerned, he's considered the commander in chief."

A colonel added, "Clinton has worked very hard to earn the respect of the military, because he knows he has to earn it and he knows he had an image problem."

The military culture breeds conservatism and a fraternal ethos that binds those who serve, subtly distancing them from those who do not. Mr. Clinton's contorted efforts to avoid the draft during the Vietnam War — and his equally contorted attempts at self-justification as a candidate three years ago — left many soldiers uncomfortable, if not resentful.

But the military also nurtures loyalty and obedience, while tacitly encouraging soldiers to remain apolitical.

"The ethic of subordination to the commander in chief is very strong," said Major Rich Hooker, deputy commander of the 3d Battalion of the 325th Airborne Combat Team.

"As a profession, the military focuses a lot less on the personality and a lot more on the office. Whatever we might have thought about Bill Clinton as a candidate, he's now the commander in chief and if he tells us to go take that hill, we're going to take that hill or die trying."

As for Mr. Clinton's draft problems, Major Hooker added:

"This is not the army of the Vietnam generation. We have generals now who didn't serve in Vietnam, and none of the mid-grade officers did, because we're too young. So that doesn't resonate with us much."

Not all are forgiving, of course.

"He just blew off the draft," Sergeant Jason Clough, 26, said while sitting in the damp bunker known here as Checkpoint Alpha. "We're all here voluntarily, yet he couldn't serve his country. Wouldn't."

Another tenet of the army's credo is that a good leader shares the hardship of his troops. While Mr. Clinton will not be sleeping in a tent or slogging through the mud, his visit is seen as a symbolic gesture of military fraternity.

Mr. Clinton is expected to spend about eight hours here on a trip that is partly a "grip and grin" opportunity, partly a diplomatic foray intended to galvanize both the warring factions and the international authorities responsible for rebuilding Bosnia.

With the addition of a diplomatic itinerary, the president's traveling party has doubled to nearly 100, according to a White House official. Security considerations are paramount; army commanders have pressed Serbian forces to vacate Mount Vis, a hill within easy artillery range of the base here, and Apache helicopter gunships are expected to patrol the area.

An advance party of 45 has "tried not to be too intrusive," an army officer said.

One colonel said "the White House advance team is in culture shock, searching in vain for a warm toilet seat."

No one has forgotten, of course, that Mr. Clinton's visit coincides with the start of the 1996 election campaign.

"Will you see this in campaign advertising? Who knows?" the White House official said. "The campaign cameras aren't here, although they can always buy footage from the networks," he said, adding "Clinton has bet his presidency on Bosnia, no question. So it's not surprising he's coming."

Cali Cartel Chief Slips From Prison

The Associated Press

BOGOTA — José Santacruz Londono, one of the top three leaders of the world's biggest drug gang, has escaped from a maximum-security prison in Bogotá.

Mr. Santacruz, a kingpin in the Cali cartel, removed a one-way mirror from an interrogation room Thursday and slipped through the opening, apparently with the help of accomplices, said Norberto Pelaez, head of the national prison system.

He then drove out of the La Picota prison in a sedan disguised as a prosecutor's car, officials said. Prosecutors' cars are not checked when they enter or leave the prison.

The assistant chief of police led a team of officers to recapture the drug lord. Police set up roadblocks in some areas and stepped up security at Bogotá airports.

The national police chief offered the equivalent of a $2 million reward for information leading to Mr. Santacruz's recapture, RCN radio reported.

Mr. Santacruz, 53, was arrested July 4 in a plush Bogotá steak house. When he escaped he was awaiting trial on charges of illicit enrichment, conspiracy and the murder of a state governor.

During a three-month period starting last June, the police put six of the seven leaders of the Cali cartel behind bars, including brothers Miguel and Gilberto Rodriguez Orejuela, the cartel's other top leaders.

The remaining five were all accounted for in jail, said Miller Rubio, spokesman for the national prison system. The other drug kingpin at large is Helmer Herrera, who is believed to head the cartel's military wing.

■ U.S. Drug Strategy Called Wanting

R. Jeffrey Smith of The Washington Post reported from Washington:

The Clinton administration's strategy for stemming the flow of drugs from Latin America to the United States has been hampered by poor interagency coordination and has not diminished the illicit importation of cocaine, according to Lieutenant General Barry McCaffrey, the chief of the U.S. military's Southern Command.

Although Washington and its regional allies scored a number of tactical successes last year, including the highly publicized arrests in Colombia of eight major cocaine cartel chieftains, the U.S.-led counter-drug effort has yet to make "an operational difference," General McCaffrey told a forum at the Heritage Foundation in Washington.

Mr. McCaffrey, who supervises the expenditure of nearly one-quarter of the Pentagon's budget for narcotics control, was referring to the fact that both the availability and price of cocaine in the United States remain unaffected more than two years after President Bill Clinton approved a plan for combating the drug shipments.

Mr. Clinton told U.S. counter-drug agencies emphasize stopping drugs in Latin American source countries rather than in transit routes, and to promote multilateral counter-narcotics efforts through the Organization of American States and other regional bodies.

POLITICAL NOTES

Charlie Neibergall/The Associated Press

IN THE HIGH CORN — Campaigning in Iowa, Senator Phil Gramm greets some Republican voters.

Author? Author?

WASHINGTON — Who wrote Hillary Rodham Clinton's new book, "It Takes a Village: And Other Lessons Children Teach Us"?

In her newspaper column, she said she wrote the whole thing. Longhand.

The buzz in Washington, however, is that she did not. In fact, the NBC White House correspondent, Jim Miklaszewski, said this week that it was common knowledge that the book was "primarily written by a ghostwriter, not Mrs. Clinton."

In hopes of knocking down the rumor, a White House spokesman, Neel Lattimore, invited a reporter into Mrs. Clinton's office and showed him an impressive heap of manuscript pages handwritten by the first lady. And Thursday, the first lady's office issued a press release protesting in excruciating detail that Hillary Clinton wrote her own book.

Extensive interviews — and the pile of manuscripts — suggest that Mrs. Clinton did write her book, although she drew heavily on the help of her editor, her staff and her reputed "ghostwriter." The rumored ghost is Barbara Feinman, who teaches journalism at Georgetown University and who has worked as a researcher on books by Washington Post writers Sally Quinn, Ben Bradlee and Bob Woodward.

In the spring of 1995, Mrs. Feinman was hired to interview Mrs. Clinton, draw out her anecdotes about children and her thoughts on child advocacy policy and assist on a draft of the book. Mrs. Clinton was to do the final editing, revising and writing. Mrs. Feinman was paid a reported $120,000 for the job by Simon and Schuster, the publisher. (Mrs. Clinton's royalties, after taxes, will go to charity.) Because Mrs. Feinman signed a confidentiality statement, she declined to comment for this article.

The White House, however, was eager to talk.

"Mrs. Clinton definitely wrote the book," said Mr. Lattimore. "She credits Barbara Feinman with getting her started on the book. Barbara Feinman produced notes from a series of conversations with Mrs. Clinton and did most of the initial research. She was of great help to Mrs. Clinton in terms of organizing her thoughts and working through an initial draft." Yet Mr. Lattimore was adamant. "Without any hesitation, without any doubt, Mrs. Clinton wrote this book."

Mrs. Clinton's editor at Simon and Schuster, Rebecca Saletan, also said the first lady wrote the volume. She said Mrs. Clinton took the work that Mrs. Feinman and she had done and "made it her own."

"From the outset, Mrs. Clinton was deeply involved in all aspects of work on the book and she recognized that only she could express the ideas she wished to convey," Mrs. Saletan said.

Mrs. Clinton herself made the claim in print that she wrote the book. In her syndicated newspaper column for the first week of January, the first lady listed her New Year's resolutions. Part of No. 5 was: "Having written a 320-page book in longhand over the last six months, I'm ready to join the ranks of the computer-competent."

However, at the end of the book — which went on sale Wednesday — Mrs. Clinton does acknowledge that it took "a village" to get the book into print. *(WP)*

Loyal to Quayle II

WASHINGTON — Former President Bush, so loyal to Dan Quayle that in 1992 he ignored all advice to dump him from the ticket, has just become a paying member of the Dan Quayle Center and Museum in Huntington, Indiana. Mr. Bush and his wife, Barbara, contributed "significantly more" than the basic $30 family membership rate, but the museum's director, Michael Sellon, would not reveal how much more.

Only a handful of donors, including the Quayle family newspaper chain, gave the maximum $5,000. *(WP)*

Quote/Unquote

President Bill Clinton on financial difficulties linked to legal fees in the Whitewater affair: "I feel badly that 20 years of our hard effort in savings may go away. But, if I stay healthy, I'll be able to pay my bills and earn a pretty good living." *(AP)*

Away From Politics

• **The space shuttle Endeavour** has had to dodge a bit of space junk. Commander Brian Duffy fired Endeavour's jets to maneuver the spacecraft out of the way of a dead air force satellite that otherwise would have been too close for comfort. The shuttle and its six-man crew were in no danger, NASA said. The spaceship and the satellite passed within about 6 miles of each other. *(AP)*

• **Two men pleaded not guilty** to charges that they planted a powerful bomb outside an Internal Revenue Service building in Reno, Nevada, to avenge grudges against the agency. A federal grand jury indicted Joseph Bailie, 40, and Ellis Hurst, 52, on charges of conspiracy, attempted destruction of a government building and use of an explosive device while committing a violent crime. *(AP)*

• **A black teenager admitted** firing the shots that killed the white driver of a pickup truck flying a Confederate flag in Springfield, Tennessee. Freddie Morrow, 18, testified that as his friends cried, "Shoot! Shoot! Shoot!" he fired from a moving car into the pickup driven by 19-year-old Michael Westerman. Mr. Morrow said that his group had planned to stop Mr. Westerman and his wife and fight the man over the flag. Mr. Morrow is one of three black teenagers on trial on charges of murder, kidnapping and civil rights violations in the Jan. 14 slaying. *(AP)*

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Chechen Rebels Free Some of the Hostages In Dagestan Standoff

By David Hoffman
Washington Post Service

PERVOMAYSKOYE, Russia — Chechen rebels released some women and children on Friday night from among more than 100 hostages they captured four days ago from a hospital in Dagestan, but other captives remained as the rebels and Russian troops faced each other in a tense standoff.

The Russian press agency Interfax said four women and six children were freed at dusk. The Itar-Tass agency said three women and three children were freed. The rebels had said earlier they were holding 106 Russian civilian hostages and 37 members of a Dagestan special forces unit that surrendered Wednesday. Interfax said four members of the special forces unit escaped overnight.

News reports said the Chechen rebels offered to free additional women and children but they stayed because their husbands were also in captivity.

Most of the residents of Perevomayskoye abandoned their homes earlier this week when a convoy of Chechen rebels and their captives was stopped nearby by Russian troops.

The fighters have reportedly dug in at the village and prepared for an expected Russian assault. Tass said the rebels have dug trenches in which they placed grenade launchers and anti-tank rockets.

Meanwhile, Interfax reported that federal troops blocked a group of Chechen separatist fighters from moving toward this village on the border with Dagestan to support the rebels holding the hostages.

The releases on Friday came after negotiations between the Chechen rebels and Dagestan provincial authorities. The Chechen goal is to win safe passage back to Chechnya, but their terms have been changing.

In an interview on Russian television Friday night, the leader of the rebels who seized the hostages, Salman Raduyev, said, "We're here in a Dagestani village. Bring us to a Chechen village — in a Chechen village where we will leave all the women, leave all the children, all the prisoners — we'll hand over all our arms. We'll hand over everything. In any Chechen village!"

He then went on to demand that some high-ranking Russian officials "volunteer" to substitute for hostages to guarantee their safe passage.

He added in the television interview, "If federal troops are brought in here there will be fierce fighting because we know there is no retreat from here. This village will perish. And so will all the women and children here."

The talks are being led by Dagestan's top police official, Interior Minister Mohammed Abdurazkov, at the insistence of the Kremlin, which has refused to talk to the rebels.

The talks have also been joined by Ramazan Abdulatipov, a Dagestani who is a member of the Federation Council, the upper chamber ofParliament. The separatists are being led by Mr. Rudayev, a young commander related to Dzhokar Dudayev, the rebel leader, and who has vowed to hold out against the Russian troops to "the last drop of blood."

The Russian threats to use force, the Dagestan efforts to negotiate release of the hostages without loss of life and the Chechen demands to be allowed safe passage back into Chechnya have produced a volatile mixture.

The tension was on display Friday when the rebels insisted that journalists be summoned to witness the negotiations.

About a dozen reporters were taken to the scene by the Russian military, but then the Dagestani authorities abruptly dismissed them.

The Dagestan negotiators have not disguised their disdain for the Russians who have apparently given them little help while piling up armor around the village. "There is no one from the center, no one from Moscow authorized to make decisions in these talks," said Mr. Abdulatipov.

Oleg Nikishin/Agence France-Presse
A child looking through a bus window as Chechens freed hostages.

GIs Greet the Russians

Elite Troopers Land in Bosnia

By Raymond Bonner
New York Times Service

TUZLA, Bosnia-Herzegovina — The Russians came Friday, only 150 of them, but it was an historic occasion, the first time that the Russians and American soldiers have been in the same European theater of operations as allies, and not combatants, since battling Germany together in World War II.

Reflecting the lingering uneasiness after 40 years of the Cold War, a complex system has been established for the Russian role in the Bosnian peacekeeping operation.

Moscow agreed to send troops only if they were not under direct NATO command. Russian soldiers in the field will have their orders relayed to them by a Russian general who is a deputy commander at NATO headquarters in Belgium, while their activities on the ground will be coordinated by the American commander in Bosnia, Major General William L. Nash.

The Russian soldiers who arrived Friday were members of an elite paratrooper unit, many of them hardened by combat in Afghanistan and Chechnya.

The Americans had been expecting the Russians before the end of last year. In recent days, under "press guidance" from Washington, the Americans had declined to comment on why they were delayed, focusing instead on the positive side of an eventual joint operation.

In part the delay was caused by the fact that the Russian Parliament, like the Congress, was wary of the Bosnian operation, and only last week approved it.

Friday, there were the predictable platitudes all around.

"It's a great day for the U.S. and it's a great day for Russia," General Nash said at Tuzla air base, where he shook hands with the Russian commander, Colonel Alexander Lentsov. General Nash praised him as "a great soldier and a great team player."

"The main mission of our Russian soldiers and American soldiers is to secure peace in this land and preferably without using our weapons," Colonel Lentsov said. "All soldiers want peace."

An exhaustion with the war, by soldiers on all sides in the Bosnia conflict, is a major reason that the peacekeeping operation has gone smoothly so far. While there has been unrest in Mostar and the suburbs of Sarajevo, there is a palpable calm throughout most of the country. Military checkpoints have come down, and the warring factions have begun to withdraw two kilometers from the confrontation line, which they must complete doing before Jan. 19.

Rights Envoy Of UN to Visit Bosnian Sites

Agence France-Presse

GENEVA — The United Nations human-rights rapporteur for the former Yugoslavia, Elisabeth Rehn, said Friday that she intended to visit suspected mass burial sites in Bosnia by the end of the month.

The sites are alleged to have been used by Serbs to bury thousands of massacre victims.

Mrs. Rehn added that she had unconfirmed information of camps where thousands of people were still being held in western Bosnia.

The human-rights rapporteur said she wanted to check for herself information in a New York Times report that was published in the Friday editions of the International Herald Tribune.

According to the report, Serbs are in the process of disposing of up to 8,000 victims of ethnic cleansing in a mine in Ljubija, in a Serbian-held area of northwest Bosnia.

Mrs. Rehn said she also hoped to visit Srebrenica, a Muslim town in eastern Bosnia. About 3,000 people are missing following its capture by Serbs last year.

Mrs. Rehn noted at a press conference in Geneva that the reports of massacres had not been substantiated, and, "That is something I have to deal with."

Italy's Political Class Sifts Its Options

Compiled by Our Staff From Dispatches

ROME — Politicians narrowed the possibilities for Italy's future Friday, a day after its 54th postwar government resigned, saying that the options appeared to be either elections or a new leadership with a mandate to carry out undefined reforms.

The prospects of a return of Prime Minister Lamberto Dini seemed to dim when he said he was "not thinking of a reappointment."

But some politicians held out the hope that President Oscar Luigi Scalfaro would ask him back.

Others, however, said that the most likely roads were a new vote or a government tasked with overhauling everything from election to antitrust rules.

Consultations between political forces start in earnest next week.

Massimo D'Alema, leader of the Democratic Party of the Left, formerly the Communist Party, said that Mr. Scalfaro should not try to name a prime minister-designate.

Instead, the president should appoint a nonpartisan figure with an "exploratory mandate" to assess whether parties in the bitterly divided Parliament can agree on a program of constitutional reforms to bring political stability, Mr. D'Alema said.

"If an agreement can't be reached on reforms then it would be pointless naming someone to form a new government and there would be a general election," D'Alema added.

Mr. Scalfaro will begin consultations with political leaders Monday on a successor to Mr. Dini, who remains in office as a caretaker. It could be another month before a new government is installed.

Gianfranco Fini, the leader of the far-right National Alliance, said, "I am 99 percent sure that we will have an election."

Mr. Dini, whose attempt to resign late month was rejected by the president, handed in his notice Thursday after it became clear that he could no longer count on a majority in the fractured Parliament.

Whatever happens, Italy's political turmoil is an embarrassment just as it assumes its six-month term as president of the European Union, which it helped found. *(AP, Reuters)*

Egidio Ortona, Italian Envoy, Is Dead at 85

New York Times Service

ROME — Egidio Ortona, 85, a diplomat who nurtured the postwar revival of Italy's close relationship with the United States and was the Italian ambassador to Washington, died here Wednesday.

Mr. Ortona entered the diplomatic service after graduating from the University of Turin in 1931, serving as consul in Egypt and South Africa. He rose quickly through the ranks and observed the collapse of Italy's relations with the Western Allies and Italy's entry into the war on the side of Nazi Germany from his middle-level diplomatic post in London in the late 1930s.

In late 1944, Mr. Ortona was a member of a delegation that went to Washington to seek financial assistance from the United States for the reconstruction of postwar Italy. The delegation laid the foundation for the close ties that later developed between Rome and Washington. In 1947, he was posted to the Italian Embassy in Washington when the then prime minister, Alcide De Gasperi, visited the United States to secure Italy's inclusion in the Marshall Plan and the North Atlantic Treaty Organization, which was established in 1949.

In 1959, he became Italy's delegate to the United Nations. Returning to Rome in 1961, he held several positions at the Foreign Ministry before returning to Washington as ambassador from 1967 to 1975. In the 1980s, Mr. Ortona published a three-volume memoir titled "Years of America" as well as recollections of the war years, "The Diplomacy of War."

Eric Hebborn, 61, Known As a Master Art Forger

ROME (Reuters) — Eric Hebborn, 61, a world-renowned art forger who boasted that many of his paintings were in top museums as old masters, died in Rome on Thursday from head injuries, hospital officials said Friday.

They said the painter, who lived near Rome, died after he was found lying in the street in the popular Trastevere quarter on Wednesday. The origin of his injuries was not known.

Mr. Hebborn was born in England and was a close friend of the late Anthony Blunt, the former keeper of the British royal pictures who was exposed as a Soviet spy.

Samuel Rosenberg, 85, Literary Psychosleuth

NEW YORK (NYT) — Samuel Rosenberg, 85, a photographer, author and raconteur who turned his voracious reading, prodigious memory and hyperactive imagination into a subsidiary career as a literary psychosleuth, died here last Friday of complications of Parkinson's syndrome.

He was best known for "Naked Is the Best Disguise," his 1974 study of the literary and libidinous wellsprings of the Sherlock Holmes canon.

KOREA: *2d Ex-President Is Indicted in Bribery Case*

Continued from Page 1

incommunicado and his aides did not return telephone calls, so it is difficult to know the former president's version of events. But he may take the same course as Mr. Roh, who admitted that he took money while insisting that the funds were not bribes but contributions to run political operations in accordance with Korean tradition.

Prosecutors said that a member of Mr. Chun's family had destroyed records of the alleged bribes shortly before he was arrested. But they cited several examples of allegedly illicit payments, based on interrogations of Mr. Chun, his aides and corporate executives.

They said that Cho Choong Hoon, chairman of the Hanjin Group, which owns Korean Airlines, gave a total of $20 million to Mr. Chun on five occasions.

In November 1980, after a Korean Airlines plane crashed in Seoul, Mr. Cho allegedly went to the presidential mansion to explain the circumstances. He brought with him $1.3 million, which he allegedly gave to Mr. Chun "in order not to be put at any disadvantage" in the investigation after the crash. The airline was apparently worried that it might be criticized for lax safety.

Three years later, after a Soviet fighter plane shot down KAL flight 007, killing all aboard, Mr. Cho again met Mr. Chun. This time, the prosecutors said, he gave the president almost $4 million, again to win government protection during the investigation, prosecutors said.

The prosecutors formally charged that $275 million of the $900 million collected for the slush fund was bribes, given by 42 companies, including such well-known international conglomerates as Hyundai and Samsung. Prosecutors suggested that they had no proof that the rest of the slush fund, while questionable, met the legal standard of bribery.

Mr. Chun's fund had dwindled to $200 million when he left the presidency, and prosecutors said that they were still trying to track how the money was spent. The speculation is that it was used mostly for political activities.

Five of Mr. Chun's associates also were indicted Friday on charges of taking bribes. The aides are Ahn Hyun Tae, Mr. Chun's former security chief; Song Yong Wook, former director of the National Taxation Office; Ahn My Hyuk, former chief of the National Security Agency; Sa Gong Il, former minister of finance and a prominent economist, and Lee Won Jo, former president of the Bank Supervisory Bureau.

JAPAN: *Hashimoto Rejects Calls for Early Elections*

Continued from Page 1

A business daily, the Nihon Keizai Shimbun, said it was "extremely grotesque" how power had been transferred to Mr. Hashimoto on Thursday via a parliamentary vote that his coalition was bound to win because of its majority.

General elections need not be called until mid-1997, but even Hashimoto supporters appear to accept that while they can fight off election calls for a while, national polls will be necessary this year, possibly in September.

"I demand he make the decision to return politics to normality by calling immediate general elections," said Ichiro Ozawa, head of the opposition New Frontier Party, after losing the parliamentary vote on the new prime minister.

Newspapers mainly criticized the transition of power from the outgoing prime minister, Tomiichi Murayama, to Mr. Hashimoto because it took place without sounding out public opinion.

Japan has been governed for 19 months by a coalition of Mr. Murayama's Socialist Party, Mr. Hashimoto's Liberal Democratic Party, which is the biggest member of the bloc, and the small New Party Sakigake of the outgoing finance minister, Masayoshi Takemura.

"Only a government formed through an election has legitimacy and strength," the mass-circulation Yomiuri Shimbun said in an editorial.

But in a sign that the coalition would resist as long as possible calls for a quick election, a senior Liberal Democratic official forecast that there would be no national election before September.

Until then, Mr. Hashimoto must try to hold together an unwieldy coalition in the face of tough opposition attacks and simmering economic problems. *(Reuters, AP)*

HOT: *Asian Markets Rise*

Continued from Page 1

Hong Kong, with its currency and interest rate regime tied to the United States, looks primed for a bull run in the local property markets, its leading commercial sector.

With the lower rates of growth expected in the West and interest rates falling, U.S. investors looking for higher yields are forced to re-examine foreign emerging markets.

"There is a very positive scenario for emerging economies overall," said Paul Schulte, CS First Boston's strategist in Hong Kong, listing overall international currency stability and the prospect of further interest rates declines in the West.

But he said that where the chance of better gains exists so, too, does more risk.

Hong Kong stocks have risen more than 50 percent from their 1995 low. At the same time, local property companies, which traditionally trade at a stock market value that is at a discount to their net asset values, have closed the gap.

In other parts of Asia, blue-chip stocks, the first stop for large overseas portfolio investors, have skyrocketed, threatening to test valuation levels that make little sense in calmer times.

For example, shares in several Hong Kong property companies have nearly doubled in less than a year.

"When we have a liquidity surge, we can easily go beyond levels of fair fundamental value," said Mr. Middlehurst, who recommended Thai financial sector stocks as those with the strongest sustainable growth prospects. With more money pouring into the region, investors and analysts are focusing less on individual stocks than on the relative attractiveness of specific markets.

"Right now, it's dangerous to be pessimistic in case you get it wrong," Mr. Schulte said.

As Mad-Cow Debate Rages, Britons Lose Taste for Beef

By John Darnton
New York Times Service

LONDON — For centuries, beef has held pride of place at the British table. Whether it's served with Yorkshire pudding in a roadside cafeteria or trotted out on a silver-domed trolley at a quiet club on Pall Mall, the meat seems quintessentially British, so much so that the French call people on this side of the Channel "*les rosbifs*."

All that may change. Despite pledges by government ministers that British beef is safe, consumers by the droves are giving it up for fear that meat from diseased cattle could cause a degenerative brain disease.

The government emphasizes that no link has been established between bovine spongiform encephalopathy, commonly known as mad-cow disease, and Creutzfeldt-Jakob Disease, a rare brain disease fatal to humans.

The causes of the two diseases, which are assumed to be related because they have the same pathology, are not known.

Since November, when the scare erupted, the Ministry of Agriculture, Fisheries and Food has trotted out scientists and reports suggesting that it is unlikely for a disease to cross the "species barrier" and that even if it did, regulations are in place to keep the diseased portions of cow carcasses out of the human food chain.

But the scare refuses to go away. For every scientist who says beef is safe, there is one who says it may not be. The debate rages in British medical journals.

The public is voting with its fork. According to Nielsen, a research organization in Oxford, 1.4 million households have stopped buying beef. The decline began in November and by mid-December, sales were down 25 percent over the same period a year ago. Most-affected were hamburgers, with sales at the end of December off 40 percent.

All across the country, schools are taking beef off the menu. Between 5,000 and 7,000 schools have stopped serving it, according to a spokesman for the Local Authority Caterers Association.

Health Secretary Stephen Dorrell has asserted that beef eaters run "no conceivable risk" of developing Creutzfeldt-Jakob Disease. And the new agriculture minister, Douglas Hogg, has done the same under questioning in Parliament. But others disagree.

"We know in general that most of these infectious agents can go from one animal to another," said Robert Lacey, a professor at Leeds University, who was among the first to raise the alarm six years ago.

What was especially worrisome, Professor Lacey said, was that Creutzfeldt-Jakob Disease has an incubation period of between 10 to 50 years, so that if the danger is real, by the time it is recognized there may be little that can be done about it.

Many scientists believe the infectious agent involved in mad-cow disease exists only in certain organs of the cows and that eating steaks would pose no risk in any case.

Mad-cow disease was identified only in 1986 and one theory is that it came from a disease in sheep called scrapie. Britain is the only country in Europe where mad-cow disease is a problem, which is usually explained by a combination of factors: a large sheep population, the high incidence of scrapie in sheep, and the fact that for years bone and meat remnants, including sheep brains, were fed to cows as a protein supplement.

The fact that the disease may have leaped the barrier once, from sheep to cattle, is cited by those who raise the alarm about eating beef. But those who say beef is safe point out that even if that is true, the leap from cattle to humans is much larger.

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EU-Morocco Drug Talks Do Little to Stem the Trade

By Barry James
International Herald Tribune

PARIS — Intermittent talks between the European Union and Morocco on efforts to stem the hashish trade from Morocco's Rif mountains have yielded little after three years.

Morocco acknowledges that kif, or hemp, the plant from which marijuana and hashish are derived, is under extensive cultivation in the Rif region — at least 50,000 hectares (123,500 acres). Some reports put the total at 74,000 hectares.

European officials believe that networks smuggling hashish from Morocco to the Continent are also being used to introduce hard drugs like cocaine and heroin. Last year, the U.S. State Department cited "credible reports" of official corruption as one aspect of Morocco's problem. Moroccan officials declined to comment on the assessment.

In 1992, King Hassan II told the EU that his government had begun a campaign against drug trafficking, but said he needed international support. In late 1994, Morocco proposed spending $400 million a year on various programs to develop the northern region where the drugs are grown and called on the EU to contribute 2 billion ECUs ($2.6 billion) over five years, in part to wean farmers from the lucrative crop.

Three years ago, the European Commission turned to the independent, Paris-based Geopolitical Drug Observatory for a confidential report on the Moroccan question. The eventual report included the names of officials that the drug observatory office alleged were involved in drug trafficking.

The drug office published another report, two years ago, minus names but describing Morocco as the world's largest source of hashish and an increasingly important center for hard drug smuggling.

Morocco contested this report as "erroneous and contradictory" and based on dubious sources.

An EU official, who asked not to be named, said in an interview that the 2 billion ECU request was unacceptably high. In addition, the official said Europe did not wish to funnel aid through a Moroccan government body, the Agency for the Development of the Northern Provinces, as had been requested.

A Moroccan spokesman said that the plan for the development of the northern region had been carefully assessed, and that international partners were free to take part or not as they wished.

The European Union signed a cooperation agreement with Morocco in November, aimed at a free exchange between industrial markets. But it maintained fixed quotas and price restraints on agricultural products, which the Moroccans say make it difficult to replace marijuana with other crops. The EU has offered less than 30 million ECUs over two years for crop substitution and job creation projects in northern Morocco.

The 1995 State Department assessment said Morocco had devoted "significant resources" to drug interdiction. But large-scale producers and traffickers operate "with virtual impunity," the report said, due to government "budgetary constraints, corruption and nearly exclusive focus of the authorities on lower-level couriers."

A Moroccan newspaper, Les Nouvelles du Nord, reported late last year, "Many political and economic fortunes have been built on the trafficking of hashish and its exportation to the profitable European markets."

For their part, Moroccan officials were enraged in November when aspects of the confidential Geopolitical Drug Observatory report to the EU appeared in the French daily Le Monde at what they say was a critical moment in negotiations with the EU over fishing rights and the cooperation agreement. These extracts suggested complicity in drug trafficking by unnamed high-ranking Moroccan officials.

In an interview, the Moroccan ambassador in Paris, Mohamed Berrada, was highly critical of the Geopolitical Drug Observatory. He contended that it appeared to be seeking to discredit the monarchy. The observatory avers that it deals only in facts, not politics.

Hassan had been scheduled to make a state visit to Paris, but canceled the trip soon after Le Monde's report appeared. Moroccan officials said the king had been ordered to rest and noted that he had been hospitalized in New York a few weeks before with bronchial pneumonia.

Retirement: Opiate Of the Heroin Class

Reuters

BANGKOK — The opium warlord Khun Sa paid a Burmese general a large sum of money to facilitate his surrender and a peaceful retirement, one of his officers said Friday.

The drug baron, who is wanted in the United States on heroin trafficking charges, is expected to face trial and initial detention in Burma but is likely to be quietly released soon after, the officer said.

"He paid millions to a general to guarantee his peaceful retirement after his surrender," the officer in Khun Sa's Mong Tai army said in an interview.

Khun Sa always said he was a Shan nationalist fighting the government for independence for the Shan people. He officially ended his long career as one of the world's most notorious drug rebels last Sunday at a ceremony at his Ho Mong headquarters, when he handed over a huge cache of weapons, including surface-to-air missiles, to the Burmese Army. More than 4,000 Mong Tai soldiers surrendered at the same time.

The surrender was worked out in December, and Khun Sa gave up his strongholds in northeastern Burma's Shan state to Burmese forces at the beginning of the month.

In his first statement since the surrender, Khun Sa said giving himself up had been painful but the alternative would have been endless war and more loss of life.

"Now it is up to the Shan people to determine if what I did was right or wrong," he said in the statement, dated Monday, a copy of wich was obtained by Reuters. It gave no details about his deal with the government.

The Mong Tai officer said he had spoken to a colleague directly involved in the negotiations with Burmese commanders to arrange the surrender and the payoff. He said Khun Sa had been bribing army commanders for years.

China Party Chief Meets, and Counsels, Panchen Lama

Reuters

BEIJING — Jiang Zemin, China's Communist Party leader, on Monday met the youth who Beijing insists is the official reincarnation of the Panchen Lama. He urged the six-year-old boy, Tibetan Buddhism's second-ranking monk, to defend patriotism in the unruly Himalayan region.

"The Communist Party and government hope the 11th Panchen Lama will study well, grow up healthy and inherit the patriotic spirit of previous Panchen Lamas," Mr. Jiang told the boy.

The enthronement of Gyaincain Norbu as the recipient of the spirit of the 10th Panchen Lama, who died in 1989, sparked controversy among Buddhists because it contradicted the announcement of a different reincarnation by Tibet's exiled god-king, the Dalai Lama.

China's action has posed Tibet's deeply religious inhabitants with a stark choice: the boy with the blessing of China's atheist governing party, or Gedhun Choekyi Nyima, the six-year-old picked last May by the Dalai Lama.

Since Beijing named its choice on Nov. 29, it has portrayed spiritual succession as part of a 30-year struggle with the Dalai Lama, who is condemned by China as a pro-independence activist.

The Dalai Lama fled to India in 1959 after an abortive anti-Chinese uprising, but he still commands the loyalty of many Buddhists in Tibet.

BRIEFLY ASIA

GIs' Trial to Stay in Okinawa

TOKYO — The mother of a U.S. Marine charged with raping a 12-year-old Japanese schoolgirl lost her bid Friday to move his trial off the island of Okinawa.

A Japanese court refused her plea for a change of venue for Private First Class Kendrick Ledet of Waycross, Georgia, saying he will receive a fair trial in Okinawa.

Mr. Ledet's mother, Barbara Cannon, had argued that public outrage over the attack would prejudice the three judges hearing the case in a lower court in Naha.

Charged along with Mr. Ledet are Private First Class Rodrico Harp of Griffin, Georgia, a Marine, and Seaman Marcus Gill of Woodville, Texas, of the navy. *(AP)*

Caution Angers Pyongyang

SEOUL — Denouncing allegations that it has exaggerated the threat of a pending famine, North Korea accused South Korea on Friday of trying to block international relief to Pyongyang.

South Korea, which has argued that foreign food donations to North Korea should be contingent on reforms there, got a boost Friday when Japan's prime minister, former President George Bush, and Sam Nunn, the U.S. senator, said their countries should work with South Korea in deciding on aid to North Korea.

North Korea reacted angrily to the closing of ranks, and to South Korea's suggestions that warnings of mass starvation following summer flooding in North Korea were overstated. *(AP)*

Sri Lanka Upgrades Weapons

COLOMBO — Fighter jets, helicopter gunships and gunboats have begun pouring into Sri Lanka as the country's armed forces prepare for fresh offensives against Tamil Tiger guerrillas.

The military, which received a massive additional injection of funds this year, is also going for high-technology equipment such as remote-controlled aircraft for battlefield surveillance and laser target designators, officials said Friday. *(Reuters)*

Jakarta Offers Captors a Deal

JAKARTA — The military offered safe passage Friday to a rebel group in the jungle of Irian Jaya in return for the release of the 17 Indonesians and seven foreigners they are holding, a source said here Friday.

Brigadier General Amir Syarifuddin, chief of staff in Irian Jaya, Indonesia's easternmost province, sent a message to the kidnappers through local informers, according to a Dutch reporter who interviewed him. The rebels are holding four Britons, two Dutch nationals and a German.

General Syarifuddin, contacted by phone Friday, said the military "will today relay the message to the kidnappers that they would not be disturbed if they release the hostages unharmed," according to Dirk Vlasblom of the NRC Handelsblad.

The general said the hostages were being near the Arnandville river in the Tiom subdistrict of the Jayawijaya district in central Irian Jaya. *(AFP)*

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EDITORIALS/OPINION

Herald Tribune INTERNATIONAL
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He's Doing His Job

Some House Republicans are threatening to support impeachment proceedings against Treasury Secretary Robert Rubin. His sin is that he is doing what a Treasury secretary ought to do: trying to avert a threatened default. The threat exists because these same Republicans are grandstanding on the debt-ceiling issue. The ceiling has to go up, or the government won't be able to continue to pay its bills. They nonetheless say they won't raise it until the president agrees to a plan acceptable to them to balance the budget. But it's dangerous and wrong to use the debt ceiling as a political prop in the budget battle. They ought to cut it out.

The debt ceiling needs to be raised so the Treasury can continue to borrow to meet obligations the government has already incurred through past acts of Congress. The Republicans want to reverse those acts — halt the spending, they imply. If they can't do it directly, through a budget agreement, they'll try to do it indirectly by putting a lid on what the government can borrow and spend. To avert default — reduce the need to borrow — the administration will have to do the cutting; that at least is the idea.

They would put the administration in the position of having to deviate from one set of laws, those that obligate it to spend, to conform to another, the one forbidding it to borrow.

Mr. Rubin has so far succeeded in wriggling out of the bind essentially by replacing debt subject to the limit with IOUs not subject to it. That's what some critics, like the House Rules Committee chairman, Gerald Solomon, say may be an impeachable offense; they argue that Mr. Rubin is exceeding his constitutional authority. Mr. Rubin, of course, has opinions from administration lawyers saying otherwise.

A likely result of default would be that the government would have to pay higher interest rates. That's why six former Treasury secretaries of both parties sent the House speaker, Newt Gingrich, a letter in November urging passage of a "clean" debt-ceiling bill. That's the traditional position of Treasury secretaries. Three others — Republicans James Baker, Nicholas Brady and Donald Regan — took a somewhat different position earlier this month, urging Mr. Rubin to use his influence to get a budget agreement. Otherwise, they said, he could find himself required to take steps that could "raise serious legal, perhaps even constitutional, issues."

Mr. Rubin replied that he hoped they would use their influence to persuade Congress to pass a clean bill, just as they had urged it to do so often in their own tenures. He's right to point out that history.

— THE WASHINGTON POST.

The President's Case

The U.S. Constitution's framers could not anticipate that a president would be slapped with an awkward sexual-harassment lawsuit alleging pre-presidential misconduct.

But in rejecting President Bill Clinton's claims of immunity in the Paula Jones case, a federal appellate court this past week affirmed a bedrock constitutional principle. No citizen, even a sitting president, is above the law.

Ms. Jones, a former Arkansas state employee, charges that in 1991, then-Governor Clinton made unwanted sexual advances. When she rebuffed him, she was denied job promotions. These are serious allegations, which Mr. Clinton heatedly denies.

The Supreme Court, in a 1982 case involving former President Richard Nixon, recognized a presidential immunity from civil liability for official acts. The issue now is whether to extend similar immunity to charges of unofficial pre-presidential wrongdoing in order to spare Mr. Clinton from having to defend himself — at least while he occupies the White House.

A U.S. Court of Appeals panel in St. Louis, Missouri, was unwilling to do so, rejecting a superficially attractive, though ultimately unsupportable, compromise fashioned last year by a lower court.

That ruling held that pretrial discovery should go forward to preserve evidence. But it also said Mr. Clinton could not be forced to stand trial while president because it would divert too much attention and energy from the demands of his office.

The 2-to-1 appellate ruling wisely found no new presidential right to delay civil justice. The main rationale for the grant of immunity in the Nixon case, the decision noted, was to allow presidents to act courageously in their official duties without fear of being sued, a concern not applicable to the Jones case.

True, the Supreme Court also voiced concern about the potential burden and distraction of civil litigation. But that was in the context of official presidential acts. Moreover, as the appellate opinion stressed, it should be possible to schedule the proceedings to minimize the intrusion on pressing presidential duties.

The panel's decision will next be reviewed by the full Circuit Court, followed, in all likelihood, by the Supreme Court. That will push the start of a trial, if there is one, beyond the 1996 election. Dire predictions about a barrage of frivolous lawsuits tying up the nation's chief executive seem overblown. But should they prove correct, Congress can pass remedial legislation, after allowing for a full public debate.

— THE NEW YORK TIMES.

Guatemala and the CIA

Even after discounting for a slim margin and a low turnout, it is encouraging that Alvaro Arzú Irigoyen, a democrat, defeated a stand-in for Efraín Ríos Montt, a former military dictator, in Guatemala's runoff presidential elections this past week. Guatemalan democracy, however, remains perilously insecure. It is threatened by General Ríos Montt's ambitions, by the army and by the grievances churned in 35 years of civil war. Mr. Arzú's promised efforts to rein in the military and strengthen constitutional rule deserve strong American support.

Guatemala's political instability, including the long conflict between its army and leftist guerrillas, which has killed more than 100,000 people out of a population of less than 10 million, owes much to a crude American-sponsored coup during the Eisenhower administration. The intervening years have brought repeated revelations of covert Central Intelligence Agency collaboration with murderous elements of the Guatemalan military. The pattern of CIA involvement even outlasted the Cold War.

This history alone gives America special reasons for helping to rebuild Guatemalan democracy. But apart from making amends, Washington has a considerable stake in Mr. Arzú's reform agenda. Sharing a border with Mexico, Guatemala has become a major transit route for cocaine and illegal immigrants bound for the United States. It also has Central America's largest economy.

Beginning with the Bush administration, official American policy has supported the rule of law, human rights and a negotiated peace with the guerrillas. But despite the efforts of a succession of ambassadors, these goals have been undermined by continued covert CIA cooperation with military murderers. That collaboration serves no American or Guatemalan interest. The most constructive support Washington can give Mr. Arzú is to end it.

— THE NEW YORK TIMES.

Other Comment

China's Credibility Gap

If the intent of Chinese officials who conducted a press tour of a Shanghai orphanage was to dispel questions about child neglect, their mission was not convincing. They failed to answer a number of questions raised by a new Human Rights Watch/Asia report charging alarmingly high death rates and deliberate starvation of children at the Shanghai Children's Welfare Institute between 1988 and 1993. China suffers a credibility gap. Inhuman treatment of children is chilling, and it could put a freeze on Chinese ambitions to shore up their international standing and goals.

— Los Angeles Times.

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Primakov's Ascension: Russia's Iceman Cometh

By Jim Hoagland

WASHINGTON — Say this for Boris Yeltsin's decision to name spymaster Yevgeni Primakov as Russia's new foreign minister: It contains zero diplomatic ambiguity. President Yeltsin will devote no energy or effort in this double election year to improving Moscow's relations with Washington, where Mr. Primakov is deeply distrusted.

Mr. Yeltsin knows of that distrust. He says clearly with this choice that he is determined to shore up his shaky domestic base before June's presidential election come what may abroad. Bill Clinton, facing his own national thumbs up or down in November, is left to like it or lump it. President Clinton publicly has to shrug off the promotion of this skilled Kremlin survivor who has served Leonid Brezhnev, Mikhail Gorbachev and Mr. Yeltsin with equal ardor. Protocol and pragmatism demand an outward U.S. effort to work with anyone Mr. Yeltsin would name, short of Jack the Ripper or Vlad the Impaler.

But the president should be wary of the arguments being made by European allies that Mr. Primakov's Jan. 9 appointment changes nothing diplomatically and may even help by stabilizing Mr. Yeltsin at home. It is precisely the symbolism of this choice, at this time, that should be troubling for the United States and for Mr. Yeltsin himself.

Mr. Yeltsin now belongs to the Yogi Berra school of foreign policy. He is deep in déjà vu all over again with the appointment of Mr. Primakov, who played exactly the same symbolic role for Mr. Gorbachev in 1991 — three months before a military putsch that ultimately failed but effectively ended Mr. Gorbachev's reign.

In the late spring of 1991, Mr. Gorbachev's situation resembled Mr. Yeltsin's today. The last Soviet leader was still seen by many in the West as the key to peace and positive change in the Soviet Union. George Bush promised to push for a major aid package if Mr. Gorbachev would commit himself to a rigorous economic reform program.

Mr. Gorbachev agreed. But to protect his nationalist flank, he either chose or was pressured into choosing Mr. Primakov as the overseer of economic change and sent him to Washington to explain to President Bush why reform could not be as rigorous as the West demanded.

This was waving two red flags before the American bull. First Mr. Primakov represented the old guard still mired in Soviet economic theory. And he had infuriated the Bush White House by flying to Baghdad on the eve of the Gulf War to arrange a face-saving exit from Kuwait for his old friend Saddam Hussein.

Mr. Gorbachev turned to Mr. Primakov to mollify and/or manage his opponents when events at home had already moved beyond his control. Mr. Gorbachev had no flank left to protect. The only effect the move had was to guarantee that he would not receive significant aid from abroad as his opponents took power from him.

Mr. Yeltsin seems to disregard precedent as omen, perhaps figuring that lightning does not strike twice. But why take the chance?

That he had to jettison Andrei Kozyrev, foreign minister since 1990, had become obvious. Loyal, imaginative, a true friend and admirer of Western democracies, Mr. Kozyrev had become a political albatross around Mr. Yeltsin's neck as Russian politics turned nationalistic and nasty.

Mr. Kozyrev's energetic destruction of Soviet Cold War diplomacy and the links of empire made him an easy target for Russians bemoaning Moscow's loss of superpowerdom. Under sustained attack in the Duma, Mr. Kozyrev retreated from effective policy-making and lost the confidence of Secretary of State Warren Christopher and other Western leaders.

Moreover, Mr. Kozyrev showed no talent for administering the large, complex Ministry of Foreign Affairs he inherited and did little to protect in the struggle for power, influence and assets in Moscow. Russian diplomats in key negotiations abroad routinely failed to receive guidance or instructions from Moscow and had to stall or improvise, uncertain they would be backed up by Mr. Yeltsin.

The Russian president can probably count on Mr. Primakov to improve morale and efficiency in the Foreign Ministry. He has honed his administrative skills by running Russia's foreign espionage agency, successor to the KGB, since 1991, avoiding major controversy or disaster.

He is a Russian Talleyrand, adept at switching careers and political patrons at exactly the right moment. I have observed him as journalist, academic, Kremlin power broker and spymaster — wily, engaging and shrewd in each successive role.

Personable with Americans as individuals, Mr. Primakov has also displayed a constant and deep distrust of U.S. motives in foreign affairs. That quality has now helped propel him into Russia's top diplomatic post.

In the midst of a Siberian winter in Washington, the Russian iceman cometh.

Washington Post Writers Group.

Power Broking Is One Thing, But U.S. Should Not Help Syria

By A.M. Rosenthal

NEW YORK — Hafez Assad, president of Syria, and Saddam Hussein, president of Iraq, are separated by one dramatic difference. Mr. Saddam has a bigger mustache.

Otherwise, twins. They are mass murderers of their own people — counting by thousands. Both are total dictators, ruling by torture and execution. Both devote themselves to doing the greatest possible damage to democracy, particularly the United States.

And as the United States plays broker in the talks between Syria and Israel, the American people and Congress should remember another talent both men share: playing on the weakness and greed of the West to make their dictatorships stronger.

The purpose of keeping it in mind is not to end U.S. participation in the talks or to block Israel from trying to turn over the Golan Heights to Syria in exchange for peace.

For almost four decades, both Labor and Likud insisted that the Golan Heights, taken from Syria by Israel in 1967, were essential to Israeli security. After Labor won the election of 1992, the government said it was worth the Heights to get an agreement with Syria — the last major holdout against peace with Israel.

Foreigners can express doubts about the long-range wisdom of having Syrian gunners again so close to overlooking Israel. But it is an Israeli decision to make and legitimate for the United States to help in the negotiations.

Taking part, though, must not involve American strengthening of the Syrian dictatorship. That is an American decision to make. It should be made now, before any financial, political or military commitments are made by U.S. negotiators.

Western greed for arms sales helped Saddam Hussein grow until he was ready to invade Kuwait. After defeating Iraq on the battlefield, the U.S.-led coalition permitted him to stay in power. He uses his reprieve, which must have astounded him, to kill more Iraqis and squirrel away matériel for nuclear and bacteriological warfare.

Mr. Assad has an even more impressive record of pulling the United States and the West around by the nose. It never cost him a soldier.

Without any Western opposition, he turned Lebanon into a colony. Then he used Lebanon and his own country as bases for terrorism directed against Israeli and American targets.

More Americans were murdered around the world by terrorists sponsored or harbored by Mr. Assad than were killed in the Gulf War. And until it became politically incorrect to say so, Western intelligence believed Syria had a part in the downing of Pan Am 103 — Iranian money, Syrian management, with the final steps handed over to Libya when the police got close to Syrian cells in Germany. Now, lo, a couple of Libyans are supposed to have done it all by themselves.

Like Mr. Saddam, Mr. Assad's contempt for the United States is unlimited. Under the eyes of Syrian officers, and for the advantage of the Syrian military budget, huge crops of opium are grown in and shipped out of Lebanon, part of the drug network that feeds into the American bloodstream.

The West saw national interests in Kuwait and adjoining Saudi Arabia and fought to protect them. But the West decided that Lebanon was not worth bothering about. And the United States decided it would do nothing about the drug crops and terrorist bases — like warning villagers to get out and then setting opium and camps afire from the air. It did put Syria on the short list of nations that could not trade with the United States.

The Syrians know their price list to the United States for a peace treaty and, count on it, so do the Israelis and Washington. Take Syria off the terrorist list, put U.S. troops on the Golan, fork over some real money and allow access to Western arms.

Simple, as should be our answers to Syria: Take the Golan since the Israelis offer it. Then peace be with you — and its own reward. You stay on the terrorist list until you destroy drug crops and terrorist camps, under continuing verification. But no U.S. troops on the Golan; no arms, not a pistol; no money, not a dollar.

These answers should be accepted by Israel as the United States accepts Israeli decisions on its vital interests. To America, its democratic roots, interests and morals, it is indeed vital to refuse this time, at last this time, to be paymaster and arms merchant for governments that conquer other peoples and murder their own.

The New York Times.

Human Frailty Explains the Tempest Over Hillary Clinton

By Edwin M. Yoder Jr.

WASHINGTON — I forget just now who pointed out some years ago that literature was in danger of being smothered by "criticism of criticism," but at the moment Hillary Rodham Clinton is suffering from its political equivalent.

Whatever things she is alleged to have done, months or even years ago, have been eclipsed by derivative allegations concerning her candor or lack thereof in explaining them.

In the current Washington fashion, the derivative charges have taken on a rich life of their own, reaching a churlish low with the columnist William Safire's charge that Mrs. Clinton is "a congenital liar." *(IHT, Jan. 9)*

There is another way to look at all this. Mrs. Clinton's heart is in the social causes she has advocated for years — the legal rights of children and, more recently, the improvement of health care for all, including children. But there is a tough, unsentimental side to Hillary Clinton, too. She is an excellent lawyer whose job, back in Little Rock days, was supplementing her husband's meager, constitutionally capped salary ($35,000 a year) as governor of Arkansas. Like all of us, she likes to put her better foot forward. She'd rather be celebrated as a children's advocate than as a corporate lawyer or commodity speculator — not that there's anything wrong with either of the latter.

When you add to this that she is the first president's wife in American history who was an accomplished professional before her husband's election — and the resentment of womanly professional achievement that still burns among the keep-'em-barefoot-and-pregnant males — you have an unpleasantly combustible formula.

Do I suggest, then, that Hillary Rodham Clinton is flawless? Not at all. Who is? I suggest that she is human, and that in the take-no-prisoners political climate of Washington much too much is being made, in the name of political inquiry, of artless attempts to conceal her tougher side.

Mrs. Clinton's legal work for Madison Guaranty, the faltering S&L owned by the Clintons' business partner, probably looks more dubious in retrospect than it looked in the cozy, forbearing ethos of Arkansas public life. If the 60 hours of lawyering she put in over more than a year's time had helped drive the firm into bankruptcy, Alfonse D'Amato's sanctimonious pursuit would be easier to explain. In fact, Hillary Clinton was trying to help save it; that is the fundamental fact. To that cause she devoted 60 billable hours, much less than other lawyers for the firm. How much legal work is a lot? How high is up?

As for the White House travel office affair, it may be impolitic and unfair to wield the patronage ax as clumsily as the White House lieutenants did, causing pain to harmless drones; certainly the firings were inept. It would have been better to be more candid about what happened, but no one I know of has been candid about political spoilsmanship since the 19th century.

Did Mrs. Clinton inspire the firings? The memo and notes of David Watkins imply it. Her whim, he says, was his command. But I wonder if the first lady's critics recall King Henry II, the English monarch who discovered, to his horror, that his muttering about Thomas Becket had been taken as an invitation to murder the archbishop of Canterbury. Subordinates tend to be more royalist than the king — or queen.

As for William Safire, The New York Times columnist who has emerged as Hillary Clinton's chief scold, there is this to be said: Mr. Safire has two signal qualifications for expertness on candor or its lack. Before he was a pundit, he was a public relations man and a speechwriter for Richard M. Nixon and Spiro T. Agnew.

PR and serving Mr. Nixon and Mr. Agnew were excellent tutelage in the art of shading truth. Moreover, since Mr. Nixon's fall Mr. Safire has been tirelessly on the prowl for a scandal in whose light Mr. Nixon's disgrace and his own misplaced loyalty would seem less catastrophic. He hasn't found one yet and he won't find one in Hillary Clinton's terminological inexactitudes. Mr. Safire's soured hero-worship, like the first lady's desire to be better known for good works than for good lawyering, is a pardonable human frailty. It should be seen as such.

Washington Post Writers Group.

Some Budget Facts and Fancies

By Anthony Lewis

BOSTON — From the American public's perspective, the budget conflict seems to rest on a number of unchallengeable economic truths. In fact, they are myths.

1. There is a deficit crisis.

The federal budget deficit, as a percentage of the budget, is the smallest of any of the world's seven leading industrial economies. And it is decreasing. The deficit has fallen from 5 percent of the total national income in 1992 to 2.2 percent now. At the annual meeting of the American Economic Association this past week, virtually no economist argued that the deficit was a critical problem in need of immediate correction.

When the figure was much larger, there were warnings that the deficit would push America into a financial crisis, that foreign investors would pull their money out and so on. Now that it is plainly no cause for alarm, the gloom artists tell us the sky will fall in the future.

Deficit talk, in short, has become a permanent scare tactic, regardless of the facts. That is politics, not economics. House Republicans talk about a balanced budget when President Bill Clinton has agreed to that and their actual objective is to gut government medical and environmental programs.

2. Republicans have to act to undo the profligacy of Mr. Clinton and other Democrats.

On Jan. 20, 1981, the national debt was less than $1 trillion. On Jan. 20, 1993, after 12 years of the Reagan and Bush presidencies, it was $4 trillion. We now have to pay interest on the $3 trillion of Reagan-Bush debt. At a rate of 7 percent, that comes to $210 billion a year: more than the current deficit of $172 billion. Without that burden, the budget would be in balance.

3. Americans pay high taxes.

The Economist of London wrote last year: "By international standards, America remains a lightly-taxed country." That reality is underlined by authoritative figures from the Organization for Economic Cooperation and Development. Here are the OECD figures, for 1993, on total national tax revenue as a percentage of gross domestic product.

United States — 29.7
Britain — 33.6
France — 43.9
Germany — 39.0
Switzerland — 33.2
Japan — 29.1

The year 1993 is the latest analyzed in full by the OECD. It has issued partial figures for 1995 showing the European countries all slightly higher in their percentages.

So U.S. taxes are not "high." And there is no professional consensus that it would be economically beneficial to lower them now. Herbert Stein of the American Enterprise Institute, who was chairman of the Council of Economic Advisers in the Nixon administration, said last July: "I don't think there is any economic rationale for a tax cut at this time."

The myths are a political smoke screen. And they are worse than deceptive. They keep us from focusing attention on our real economic problems. Of those, the most fundamental is the slowdown of the historic growth in U.S. productivity. Over many years, growth averaged 3.4 percent. But over the last 20 years it has been only 2.4 percent or so, discounting inflation.

That missing 1 percent (really a one-third fall in the rate of growth) has had devastating effects. It has cost the economy around $12 trillion over these 20 years. If the traditional growth rate had continued, the federal budget would have been in surplus — and American families substantially better off.

A second acute economic problem is income inequality. Since 1973, real earnings of the lowest-paid 20 percent of U.S. workers have fallen by nearly a quarter. The top 20 percent's have risen 10 percent, the very highests' a lot more.

Disparities in family income are now the greatest since they were first measured, nearly 50 years ago. The Republican budget, raising taxes on the working poor and slashing them for the rich, would increase the gulf. Those are realities, not myths.

The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1896: Bicycles' Demise

NEW YORK — Last winter the bicycle craze in society crowded the Michaux Club most uncomfortably. When upper-tendon was not dining or dancing it was bicycling. This year the craze seems to have died out. The bicycle has been thrown over by the fashionable set, and all the talk now is of the coming opening of a rink, where artificial ice is to provide a permanent frozen pond for the skaters.

1921: Legacy of War

PARIS — [The Herald says in an Editorial:] Stupendous is a feeble word to qualify the post-war burden that the world is carrying. It seems almost incredible that the principal nations should hesitate for a moment as to the absolute necessity of disarmament and of proportionate retrenchment in the civil establishments as well. As General Tasker Bliss said in a recent address in Philadelphia: "If all the armaments could be abolished tomorrow, there would still be an annual interest bill of nine billion dollars to be paid by the belligerent nations on the debts incurred in the last war alone."

1946: Slow to Go

FRANKFURT — General Joseph T. McNarney told a conference of fifty-five GI representatives today [Jan. 12] that the American Army's redeployment slowdown was caused by the fact that the draft boards at home "have not done as good a job as might be done." The American European commander in chief acknowledged that the redeployment program had not been entirely successful. But he told the soldiers part of the blame lay with "your friends back home," the draft boards, for failing to send sufficient replacements for occupation duties.

Time Travel: A Rare View of the British Country House

International Herald Tribune

LONDON — Imagine some trip rolling back time to take the traveler through the great country houses of Britain as they once stood in their pristine glory, many of them, now gone, and some erased from memory, leaving an image but no name. This has just been done under the title "The Artist and the Country House." At Sotheby's, of all places, 144 paintings ranging from the 15th century to the present time can be seen until Jan. 27.

The idea came to Hugo Swire, a young man from Sotheby's "U.K. Business Development Department," after

SOUREN MELIKIAN

reading "The Artist and the Country House" by John Harris. David Moore-Gwyn, James Miller, both senior experts in British painting, Henry Wyndham, chairman of Sotheby's U.K., and, not least, Harris himself, jumped at the idea.

And so it was that in just nine months, with Harris supervising operations, an exhibition on a theme never yet dealt with was put together at top speed. It is fascinating.

From the beginning, the viewer is gripped by touches of mystery alternating with a sharp sense of loss. It starts with a small, enigmatic Flemish portrait on panel of a cleric dubbed by tradition "Jack of Kent." The face is handled like a drawing done with the tip of the brush. In the background, Kentchurch Court in Herefordshire appears, not in today's Neoclassical trappings fashioned between 1795 and 1825, but as it was in the 1460s. The architect must have been Flemish, possibly from Bruges, like the artist who painted the beautiful residence, the like of which does not survive in Britain.

As one goes on, the extent of the havoc wrought by time and more often by men becomes overwhelming. Nonsuch Palace in Surrey, on which work began in 1538 and was virtually completed when Henry VIII died in 1547, was painted more than 100 years later, perhaps by Hendrik Danckerts. With its crenellations, this is medieval England lingering. The merest touch of Italianate veneer takes the form of a couple of campaniles on the roof. Badly built with a timber frame, Nonsuch had to be demolished in the 1680s.

Another painting is the only evidence that an astonishing architectural complex once existed somewhere in Wales. Its importance is made more intriguing by the elaborate garden of Italian inspiration that dates from the 1630s. Free-standing pillars with statues perched on the capitals punctuate the alleys that separate the square parterres from each other. Who was the Welshman, rich enough and sufficiently informed of the latest fashion in garden design, to commission this ambitious complex?

Greater enigmas can surround the most famous characters of their time. No art sleuth has yet cracked the mystery of a picture done in the 1670s. Charles II, whose features are well known, stands in the foreground while a man kneeling presents a pineapple.

At the far end of a formal garden of simple design, a very grand mansion can be seen. Horace Walpole greatly liked the painting when he saw it in 1780, and described it in a letter to a friend, as the work of Hendrik Danckerts, an opinion worth heeding from such a connoisseur. The catalogue nevertheless assures that "it is not Netherlandish in style but has rather more French characteristics."

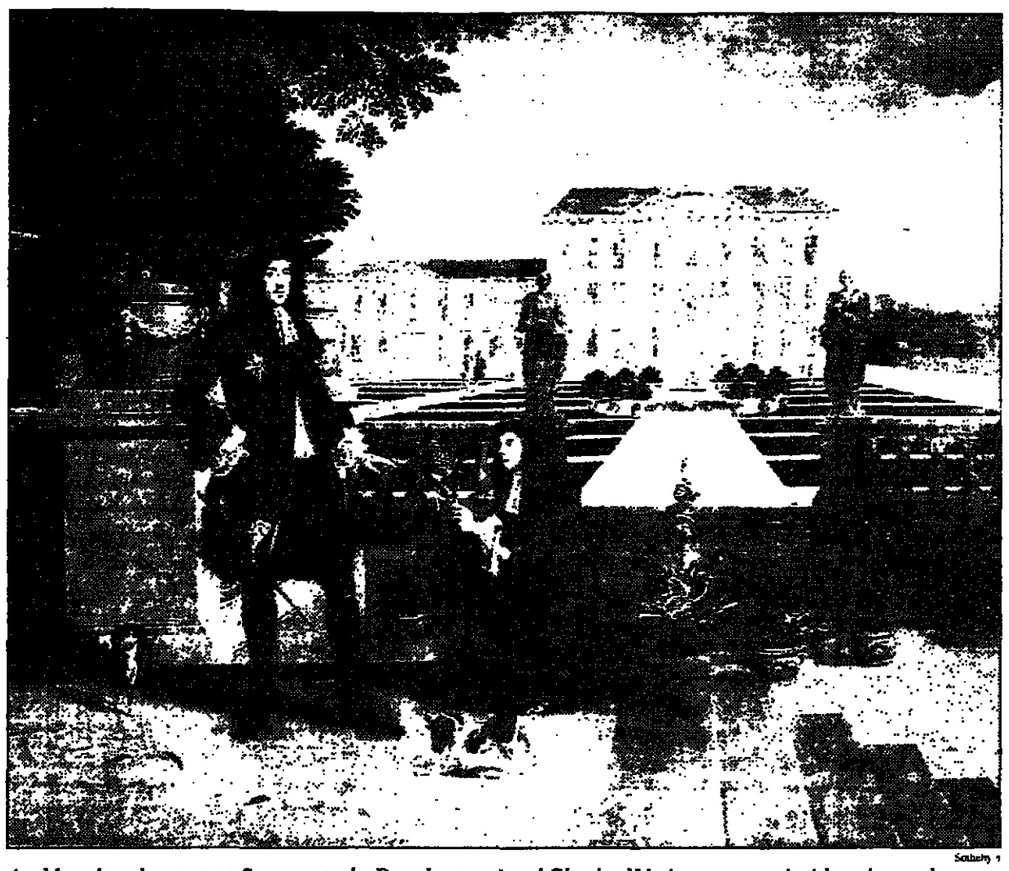
Alas, the house does not remotely resemble a Louis XIV château.

The proportions, the profile of the roof are indeed very Dutch in design, and so is the fountain sculpture group cast in bronze with its extraordinary figures emerging from a knot of serpents.

Was the picture painted in The Hague during one of the many spells spent there by Charles II and his very mobile court? That might explain why the king is not wearing a royal costume.

The subject must have had considerable significance. Another version is an exact repetition and displays the same high quality, Moore-Gwyn said in a telephone interview, and two more versions of lesser quality are known. The event or the symbol depicted in the presentation scene might hold the clue — pineapples were not on every English or Dutch street corner in the 1670s.

In other views, the mystery lies not in the subject but in the art. Who was the artist who painted pictures about 1740 that represent Claremont? In three of them, empty garden seats are strewn



Sotheby's

Art historians have yet to figure out why Danckerts painted Charles II being presented with a pineapple.

about, some toppled (hence Harris's jocular denomination for the "Master of the Tumbled Seats") as in some anticipation of Magritte's surrealism. Behind the pseudo-naïveté, reminiscent of Italian Primitive landscape, there lies a consummate mastery. The view of the "Entrance front," perhaps from a different hand, gives a clue to the date. It shows Claremont as it looked before Lord Clive replaced in 1770 the house designed by John Vanbrugh with the present Palladian structure. And, for once, demolition deserves praise. Vanbrugh's contraption was as hideous as the present house is harmonious.

Throughout the 18th century, country house painting grew into a genre separated from the others, with different aesthetics cultivated by different artists. The art of the "elevated view," painted as if seen from some vantage point high in the air, developed into a school unto itself and yielded some gems.

Newburgh Priory in Yorkshire, painted around 1700, is one of these.

Houses grouped within a quadrangular enclosure seem to have been delicately dropped in a beautiful hilly setting. Not a sign of life is in sight. It could be a variation on Sleeping Beauty's castle.

In "The Entrance Front to Ledston Hall," signed by John Setterington in 1728, the fairy-tale atmosphere becomes more highly charged. There is an unreal immensity to the space as if it was seen by a small child. In the middle of an endless green lawn, a stone statue has its back turned to the viewer, looking toward the gleaming Elizabethan structure remodeled in the 17th century. Two characters of flesh and blood walk away from it all in the foreground as in some bucolic variation on the theme of Don Giovanni and the Commandant's statue.

The more sophisticated painters embarked on experiments unknown to their contemporaries.

Some time after 1757, Thomas Bardwell painted "The Entrance Front and stable Range of Adlington Hall" in intense yet cold colors. The wide open composition has no equivalent elsewhere and the overall effect comes closer to the clinical observation of natute by the French realist school of the 1840s than to the atmospheric effects devised by mainstream English landscape painters.

TRUE, these are very much in evidence in the few country house landscapes painted by the leading masters of the day. But even they were inspired to paint differently.

An unforgettable view of Croome Court in Worcestershire done by Richard Wilson in 1758 was never exhibited in an art show before. The Palladian house stands far in the distance, lit up by the pale sunlight of a wet afternoon as masses of clouds float away. While a film of humidity lightly veils every detail, each one retains a monumental quality including the large tree in the foreground.

Add Constable's sublime view of the Old Hall at East Bergholt in Suffolk shown only once before in the Tate Gallery 1991 retrospective and another equally admirable Constable never before exhibited, with Englefield House in the distance, and these alone are enough to make Sotheby's "exhibition to benefit the Prince of Wales's Institute of Architecture" a major artistic event.

Its one flaw is that the show should have been held in a national museum, accessible to vast crowds for two months, not two weeks, and then traveled abroad. The important catalogue, at only £15 (about $23) a copy, won't quite make up for the loss.

What on earth were the leading institutions in the land thinking about when they turned a deaf ear to John Harris's offer to mount an exhibition after his book came out in 1969?

Sam Francis: A Painter's Sudden Maturity

By Michael Gibson
International Herald Tribune

PARIS — Sam Francis (1923-1994) became a painter because he broke his back when his plane ran out of fuel over the Arizona desert in 1944. He was immediately taken to the military hospital where surgeons discovered he had tuberculosis of the bone. He spent much of the next three years flat on his back. He was then 21.

The exhibition now at the Jeu de Paume deals with the artist's Paris years, 1950 to 1961, and traces the swift emergence of a singular talent, but the work Francis accomplished in Paris received its first impetus and orientation from the harsh experience of the six preceding years. It was also marked by the artist's decisive encounter with Japan beginning in 1956.

Originally interested by botany, Francis took up medicine and psychology at Berkeley.

In 1943, he enlisted in the Army Air Corps and had totaled 700 hours of flight time by the time of his crash.

Lying on his back in the army hospital, he took up painting. He also had plenty of time to observe the shifting play of light on the ceiling and, occasionally, when his bed was wheeled out onto the balcony, the effects of dawn and sunset on the Pacific.

A man who, from the age of 21, is forced to lie in bed, day after day, for a number of years, has time to do a lot of thinking about basic realities. Sickness made him mature quite abruptly, giving him the precocious authority that struck acquaintances in France — the authority of those confronted before their time with mortality and decay.

Common friends asked the painter David Park to visit the young man. He showed him art books with reproductions of works by Klee, Picasso and Miró. Francis had never seen any of them.

One day Park even took him by ambulance for a private visit of the California Palace of the Legion of Honor. Surprisingly, Francis had never been inside a museum before, and the visit made such a powerful physical impression on him that he almost had a relapse.

In 1948, he returned to Berkeley for a master's degree. He held that he had cured himself by painting — the doctors, he said, had given up.

Two years later, thanks to the GI Bill, he was in Paris on $75 a month. He was ripe for the experience and almost immediately found his own idiom.

Fernand Léger, whose classes he attended and whom he admired, was perplexed by what he showed him. "I can't criticize that," he said. "It is what it is. But it's not the sort of thing we do here."

THE French avant-garde of the period was illustrated by such figures as Bazaine, Manessier, Vasarely and Poliakoff. Francis found Fautrier "pretty but academic" and Dubuffet "interesting, but not all *that* interesting."

The art of the past made the strongest impression on him, particularly Monet, but he only saw the latter's "Water Lilies" in 1953, the Orangerie having been closed to the public ever since his arrival. "Almost the painting of a blind man," was his ultimate praise of the late works he most admired.

Walking into the exhibition now at the Jeu de Paume, one cannot help feeling that the 35 intervening years have somehow served to reveal the classical quality of Francis's work. Compared to the abstracts of his day, the larger works immediately stand out by their incredible freshness and a certain musical informality.

In the early Paris years however, Francis painted small works in a "cerulean gray" monochrome — mostly because he did not have enough money to buy other colors. But even before leaving the United States, he had developed an "overall" manner of his own, derived from his reflections on the works of Clyfford Still and Mark Rothko.

Later on, as money began to come in, colors returned. But only in 1957 did that specific mix of bright and singing colors surrounded by a large white void so typical of Francis's paintings first appear in a series of works entitled "Towards Disappearance."

The preceding year, he had been to Japan and discovered the great Asian quality of vacuity. He had been invited there to execute a large mural painting the Ikebana master Sofu Teshigahara had commissioned for his school.

Ultimately, he was forced back to the United States by a new bout with tuberculosis.

Francis had remained in Paris for 10 years, but he had also traveled quite a lot.

At least one New York critic compared him to Henry James, but his influences were by no means only French or even European. Indeed, this remarkable man in his late 20s and early 30s created a synthesis of elements from Europe, Asia and America and his delightful works of this period have something of the universal, lyrical appeal of music.

"Sam Francis, Les années françaises, 1950-1961," Musée du Jeu de Paume, Paris, until Feb. 18.

Sam Francis Estate

Sam Francis, with one of his paintings: The swift emergence of a singular talent.

BOOKS

12 GOING ON 13: An Autobiographical Novel

By Jan Myrdal. Translated from the Swedish by Christine Swanson. 192 pages. $19.95. Ravenswood Books.

Reviewed by
Jonathan Yardley

JAN MYRDAL has published more than 60 books in Sweden and is a figure of national renown in that country, but in the United States he is far less known than his parents, Gunnar and Alva Myrdal, social scientists and architects, for better or worse, of the Swedish welfare state.

Gunnar Myrdal was the author, a half-century ago, of "An American Dilemma," which in many respects remains the definitive study of race relations in the United States; he shared a Nobel Prize in economics in 1974, and she won the Peace Prize outright in 1982 for her efforts on behalf of nuclear disarmament.

The Myrdals were eminent people, but they were not exactly mommy and daddy dearest. This has been a dominant theme in the work of their only son, beginning with "Confessions of a Disloyal European" and continuing through his "autobiographical novels" of which "12 Going on 13" is the third, preceded by "Childhood" and "Another World." These are strange books, exercises in a perverse narcissism that focuses on the author's pain rather than his pleasure, yet they have a certain hypnotic appeal.

In substantial measure this is because they give us glimpses of the private lives of the famous. Outside Sweden the Myrdals are household names only in certain rather elite households, but in their day they were both famous and widely admired. Their greatest fame lay ahead of them in 1940, when "12 Going on 13" takes place, but they were already important enough to warrant a news conference, attended by both parents and all three children, upon their return to Sweden from the United States:

"We were a famous family and a modern intellectual family about whom much had been written. The Myrdals were mentioned in all the weekly papers and everything printed about them was cut out and saved. Alva and Gunnar were known for being young and successful and happy and in love and to be living in a companionate marriage, so they always called each other darling when a reporter was listening and it was shameful that I was the way I was and I was fat too and nearsighted because the whole family was supposed to be successful and happy and athletic."

Jan was a misfit among these obsessive achievers: "They had wanted a son who was like them and they got me instead." He was a dreamer who built fantasy worlds and fled into them, sometimes locking himself in his room "so I could get some peace." Eventually he learned that in the real world "there is no hiding place," but as a boy he preferred his fantasies, which he kept away from his parents not merely because they were his private world but because his parents surely would have ridiculed them, and him.

He exacts his revenge, in spades. The man and woman so universally admired were, in their son's view, hypocrites: "Being examples and having responsibility and behaving like common people. That was for show. What they meant was that no one must know how they were when they weren't on stage."

What Jan wanted to tell the news conference was: "Our family isn't old-fashioned, it's modern and pedagogically it follows a clearly behavioristic method of child-rearing, including a tested and psychologically scientific graded scale of punishments for children." In Jan's case these included being locked in his room — until he decided that was pleasurable — and being sent from the table without dessert, but it was leaving New York for Sweden that seems to have hurt him the most, for Jan adored the United States and considered himself an American, not a Swede.

"It's a moral question," Gunnar told Jan. "We come from peasant stock, we don't flee the country in times of danger. It would look bad if we left you here in America in wartime." Thus the Myrdals' children became sacrificial pawns in their public-relations campaign. We must take their son's word for it, but he makes a convincing case.

Jonathan Yardley is on the staff of the Washington Post.

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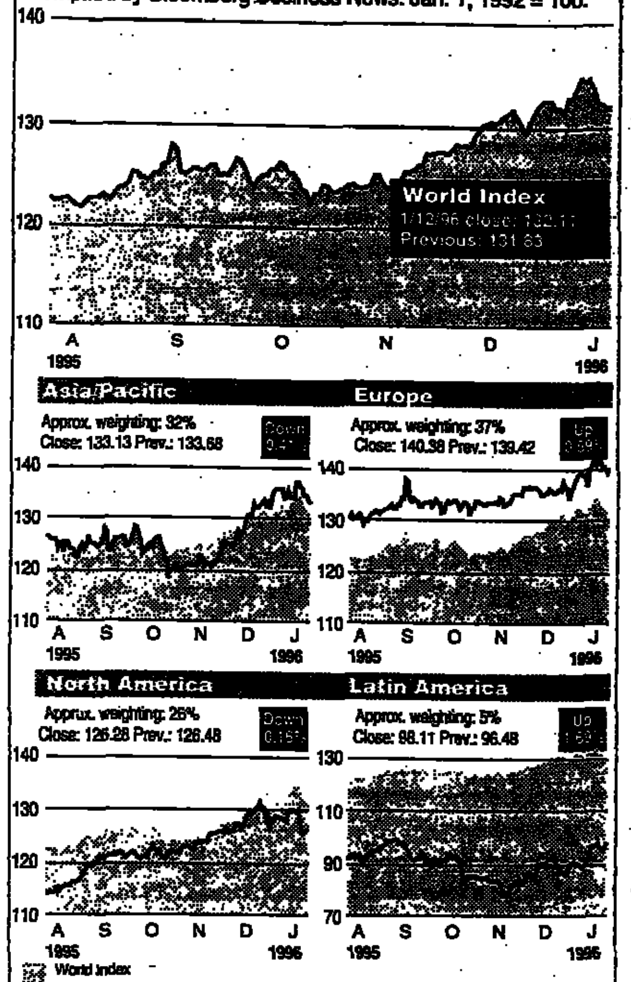
The Associated Press.

Continued on Page 12

THE TRIB INDEX: 132.11

International Herald Tribune World Stock Index ©, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



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Industrial Sectors

	Fri. close	Prev. close	% change		Fri. close	Prev. close	% change
Energy	135.70	136.10	−0.29	Capital Goods	130.50	131.11	−0.47
Utilities	130.98	129.94	+0.80	Raw Materials	144.38	143.79	+0.41
Finance	126.94	126.39	+0.44	Consumer Goods	136.93	136.29	+0.47
Services	122.97	122.98	−0.01	Miscellaneous	139.47	139.72	−0.18

For more information about the Index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

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A Retail Hook-Up Goes Bad

Barney's and Isetan Squabble Over Assets

By Stephanie Strom and Sheryl WuDunn
New York Times Service

At a time when many American retailers were struggling to stay alive, the sassy New York-based retailer Barney's hooked up six years ago with a deep-pocketed Japanese partner and began rolling out stores at the rate of two or three a year, spreading its singular merchandising techniques around the country and as far as Japan.

By most standards the match between Barney's and Isetan Co. was made in heaven. That may have been true until Thursday, when Barney's Inc. filed for protection from creditors under Chapter 11 of the U.S. bankruptcy law.

Analysts say that Barney's entered bankruptcy proceedings mainly as a strategic move to extract maximum concessions in a dispute with Isetan. The result is that the financial partnership between Isetan and Barney's appears to be doomed.

Isetan suggested Friday in Tokyo that it had been misled by Barney's management and said the New York retailer had a "deplorable" attitude. The company indicated that it had been surprised and irritated at Barney's filing.

Isetan had been looking for a way to increase its profitability and the American retailer supplied Isetan with merchandising know-how, technology and access to European and American design studios and manufacturers.

In exchange, Isetan agreed to finance Barney's expansion in the United States, eventually shelling out about $400 million to finance the construction of three opulent stores — on Madison Avenue in New York, in Beverly Hills, California, and in Chicago — and lease smaller locations in premier shopping malls across the country.

Barney's contends that its Japanese partner is trying to change the terms of their agreement. Isetan's lawyer disagrees, and in what may be a prelude to a long war of charges and countercharges, said that Barney's, in fact, was trying to impose terms that never were agreed to.

Isetan said Friday that it was informed only in late November of major problems, when Barney's revised profit reports and said it had turned huge losses instead.

Isetan is managed by a team of bankers from Mitsubishi Bank, who joined the Japanese retailer in 1993 after it got into trouble with its lenders and shareholders.

"The cast of characters we dealt with at Isetan changed totally," said Charles Bunstine 2d, president and chief operating officer of Barney's. "After 1992, we were dealing with bankers, not retailers."

Nonetheless, in March 1994, the new managers at Isetan agreed to the terms of Isetan's original agreements with Barney's Inc. and its subsidiaries that handled licensing, product development and other issues.

Those terms, according to Mr. Bunstine and the lawyers for Barney's, committed Isetan to restructuring all of its various agreements with Barney's into an equity stake in the retailer of no more than 49 percent.

That would involve, among other things, handing over Isetan's 50 percent ownership stake in the Beverly Hills, Chicago and Madison Avenue stores.

"At no point in time have we agreed that real estate is in the venture," said Yasuo Okamoto, a lawyer for Isetan. "It may be a perception difference, but I don't know where they got that idea."

Isetan seems to have had second thoughts. What was supposed to have been a $250 million real estate investment ended up costing Isetan $610 million because it encountered problem after problem, according to Isetan.

Mr. Bunstine contended that Isetan's investment in real estate was from $385 million to $400 million, with the remainder going to licensing fees, royalties and other payments.

Daiwa Plans Huge Overseas Cuts

Compiled by Our Staff From Dispatches

TOKYO — Daiwa Bank Ltd. will shut most of its foreign representative offices, slash its work force by nearly 9 percent and transfer overseas trust accounts to other banks as part of a sweeping reform ordered by Japan's Finance Ministry, the bank said Friday.

Daiwa also was reported Friday to have agreed to sell its U.S. operations to Sumitomo Bank Ltd. for 6.5 billion yen ($61 million). The Japan Times reported that the two banks would sign an agreement shortly and report it to the Finance Ministry.

U.S. banking regulators ordered Daiwa in November to shut most of its U.S. operations because of $1.1 billion in losses stemming from fraudulent dealings in Treasury bonds by a trader at Daiwa's New York subsidiary.

The reform plan submitted Friday to Tokyo calls for Daiwa to cut 600 jobs, aiming for a staff of 7,000 by the end of 1999. The bank will reduce its overseas staff by 417 employees and close seven of its 10 overseas representative offices.

Two of those offices, in Frankfurt and Zurich, will be closed within two years, Kyodo News Service reported. Daiwa has already decided to close offices in Paris and Madrid, reducing its European operations to a branch and a securities unit in London. *(Bloomberg, Knight-Ridder)*

Stocks: Prisoners Of Expectations

A Trickle Of Good News

Los Angeles Times Service

LOS ANGELES — Corporate earnings are not falling off a cliff.

That is the message so far in the relative handful of fourth-quarter earnings reported to Wall Street, and some of those announcements helped stabilize a very jittery stock market on Thursday and Friday.

It is, of course, very early in the earnings-reporting season, so drawing broad conclusions is risky. But good surprises are always better than bad ones, and so far quite a few companies are beating analysts' estimates of fourth-quarter profits — despite an apparently weakening U.S. economy.

Wall Street needs that kind of news. Stock prices are driven by two factors in the long run: interest rates and earnings. With the federal budget talks at a stalemate in Washington, bond yields have been rising. If, on top of that, investors begin to believe that earnings will be dismal, the bull market would almost surely end.

I/B/E/S International Inc. in New York, which tracks analysts' earnings estimates against actual results, said that 231 companies had reported fourth-quarter numbers so far, and 108 of those companies beat estimates. By contrast, 76 companies were below estimates. The rest met expectations.

Although most of the publicity this week has gone to major corporate earnings disappointments — such as Apple Computer Corp.'s projected fourth-quarter loss — the list of companies reporting double-digit earnings gains for the quarter encompasses a broad spectrum of industries:

• Xilinx Inc., a producer of programmable chips, said Thursday that quarterly earnings soared 95 percent. Its shares rose $3.56 to $31.81 on Thursday, and were priced at $32.375 in late trading Friday.

•Earnings at the banking giant J.P. Morgan & Co. jumped about 90 percent as its trading and corporate-finance businesses boomed. Federal National Mortgage Association, biggest U.S. mortgage investor, said its earnings rose 14 percent from a year ago. The Student Loan Marketing Association said Friday that its fourth-quarter profit also rose 14 percent, Bloomberg Business News reported.

•Even the home-building sector provided a few surprises. Kaufman & Broad Home Corp., California's biggest builder, posted a 15 percent rise in fourth-quarter earnings.

Such reports have given Wall Street more confidence that the average U.S. company will end up posting results that are at least close to analysts' still-lofty expectations.

Gloom Wins Another Day

Compiled by Our Staff From Dispatches

NEW YORK — U.S. stocks slipped Friday amid concern that the economy is slowing enough to crimp earnings growth later this year.

"People are sensing that the economy is slowing, or slower than they thought it was going to be, and this means earnings are going to be difficult to compare with last year's, at best," said John Trammel, a fund manager at A. Gary Shilling & Co. in Springfield, New Jersey.

The Dow Jones industrial average fell 3.98 points, to 5,061.12. Declining issues narrowly outnumbered advancing ones on the New York Stock Exchange.

Bonds edged higher amid optimism that slowing economic growth would encourage the Federal Reserve Board to cut interest rates even if the government does not adopt a plan to balance its budget.

The price of the 30-year Treasury bond rose 1/32 point, to 109 28/32. Its yield was steady at 6.14 percent.

An Atlanta Federal Reserve report pointed to a slowdown in the economy. That drove investors from personal-computer stocks, such as Dell Computer and Apple, and toward companies such as Pharmacia & Upjohn and Philip Morris, whose profits are seen as less dependent on rapid growth.

Philip Morris stock, which rose 2⅜ to 90¼, was helped further by news that the company's Kraft Foods unit was offering early retirement to 1,400 workers in an effort to trim its U.S. administrative staff.

Earnings concern was compounded by the latest winter storm to hit the Northeast, which accounts for about one-third of U.S. economic output.

Computer and semiconductor stocks slid as three brokerage firms downgraded earnings estimates for Dell Computer because of concern about delayed sales to the government caused by the budget-related shutdown. Sales to the government bring higher margins than those to consumers.

Dell plunged 4⅞ to 28⅝, Apple fell 1⅜ to 33⅝ and IBM fell ⅞ to 85¾.

The chipmaker Micron Technology was the most active issue on the New York Stock Exchange; its shares lost nearly 10 percent of their value, dropping 3 to 32⅞.

The most active issue on the Nasdaq exchange was NetManage. The developer of computer networking software said it would report a drop in fourth-quarter earnings. The company's shares fell 3 11/16 to 10⅞.

The chipmaker NexGen saw its

See STOCKS, Page 10

ECONOMIC SCENE

Employers Grapple With Ugly Issue

By Peter Passell
New York Times Service

NEW YORK — Is prejudice in hiring ever justified? Many people agree that discrimination based on race, sex or religion is wrong. But what about against people who happen to be ugly?

That is the issue that Jeff Biddle and Daniel Hamermesh, economists at Michigan State University and the University of Texas, respectively, have investigated. They are examining the roots of discrimination against unattractive people, an ill-defined group whose legal claim to protection against discrimination is now being tested in U.S. courts.

While their study — just published by the National Bureau of Economic Research — probably will not change many minds, it does air the awkward issue of whether employers should shoulder the economic and legal burden of fighting the prejudices of their customers and the community as a whole.

The two labor economists made a splash a few years ago by analyzing some 7,000 people and finding evidence that good looks translated into heftier paychecks. Whether the implied discrimination is illegal is unclear.

While many people dismiss the idea, unattractiveness may well fit the definition of disability in the Americans With Disabilities Act as "a physical or mental impairment that substantially limits one or more major life activities." In 1993 a federal court upheld a jury award to a woman who had been discharged solely because she was fat.

Now Mr. Biddle and Mr. Hamermesh are back with a study of about 2,000 graduates from a "highly selective" but unnamed law school that closely followed the careers of its alumni. The results confirmed the earlier study.

But even more importantly, detailed information about workers in a single profession offers a chance to examine the motives for discrimination apart from the charged atmosphere surrounding race and gender.

The researchers measured attractiveness on a scale of one to five, based on a panel's rating of head-and-shoulder enrollment photos. Class rank was not correlated with looks.

After five years in the workplace, those ranked in the top third on attractiveness were earning 9 percent more on average than those in the bottom third. After 15 years the gap had widened to 13 percent.

Common sense suggests that when employers discriminate, it is to satisfy their own prejudices or those of their other employees. But that does not seem to be the case with these lawyers. For one thing, starting salaries were not correlated with looks. For another, the income gap between the most and least attractive was virtually identical for lawyers who were self-employed.

That suggests attractive lawyers are more productive, if only in the sense that clients prefer good-looking attorneys. The authors found that a disproportionate number of unattractive lawyers worked for public agencies, where the client typically has little say in who does the work.

This sorting process continues from the first to the fifth year after graduation: Unattractive lawyers in the private sector tend to switch to government jobs, while attractive government lawyers join private firms.

Gary S. Becker, the Nobel laureate and conservative economist at the University of Chicago, has pointed out that unfettered markets should be a potent weapon against prejudice. In a free labor market, nonprejudiced employers would be able to hire the disfavored group at bargain wages and drive prejudiced competitors out of business.

But discrimination driven by the customers' tastes does not appear to be self-correcting. Law firms that bow to the pressure of the market, hiring good-looking people over unattractive ones, will have a competitive edge.

The paradox, Mr. Biddle suggests, is that government sanctions on employers are actually most needed when the discrimination is least related to employers' own prejudices.

Robert Topel, an economist at the University of Chicago Business School, is not impressed by this distinction. The logic of job discrimination laws, he argues, is to attain a social goal at the lowest possible cost. Regardless of the motive for the antisocial behavior, it is easier and less intrusive to penalize employer discrimination than to police prejudiced consumers.

Telecom Aims To Be France's Net Surfboard

By Barry James
International Herald Tribune

PARIS — The state-owned telecommunications monopoly France Telecom announced plans Friday to become a mass-market Internet provider, entering a crowded field in competition with companies such as Microsoft Corp., CompuServe Inc. and America On Line Inc.

The company said a wholly owned subsidiary, France Telecom Multimedia, would begin selling the new service in the spring at a price it promised would be competitive with existing Internet providers. The company said it would offer a raft of associated services, including on-line shopping and software.

The announcement marks a change for the company, which had devoted much of its attention to developing the national videotext network called Minitel. This gives an estimated 14 million users access to some 25,000 services via a network known as Transpac and simple terminals, which are either given away free or rented cheaply.

France Telecom said it would continue to develop the 12-year-old Minitel because it meets the needs of the majority of people.

In the future, Minitel users will have access to electronic mail and Internet newsgroups, while the Minitel network will be accessible from the Internet, on a World Wide Web address (www.minitel.fr). France Telecom said it would adapt the electronic telephone directory, the most widely used service on Minitel, to the Internet. Entries will not only list telephone numbers, but also give access to the E-mail addresses or Web pages of subscribers. The company said this service would include other countries, creating a vast multi-national telephone directory.

In its second tariff reduction in a few months, France Telecom will make it possible from March for owners of personal computers to connect to an Internet provider anywhere in the country for the price of a local call.

Internet-access prices are coming down fast, with several providers offering full access for less than 100 francs ($20.28) a month.

France Telecom also said it would offer a service to large organizations that wish to link computer networks continuously over the Internet.

The French public has been slow to explore the Internet, partly because many of its needs are met by Minitel and partly because a lower proportion of households have computers than in other industrialized countries. But France Telecom officials said the company had considerable Internet experience. It operates a technical and educational network called Renater and is a is a founding member of the Internet Society.

Suit Against Lehman Seeks $20 Million for China Firm

Reuters

HONG KONG — The U.S. subsidiary of Sinochem was exposed to losses of about $20 million by Lehman Brothers Inc., a New York-based source involved in a lawsuit against Lehman said Friday.

The suit seeking recovery of the losses was brought by Sinochem (USA) Inc. It alleges fraud and breach of duty over transactions worth more than $300 million. The $20 million loss sustained by Sinochem is more than the net worth of the U.S. company, the source said.

The dispute over trading losses followed at least two others in the past two years involving Lehman Brothers and Chinese enterprises. Analysts saw those and other cases involving Chinese and Western companies as eroding confidence in the Chinese business system.

A copy of the writ, filed in a New York court this month, was obtained Friday. In it, Sinochem (USA) Inc. asserted that Lehman had induced a Sinochem employee "through repeated misrepresentations and omissions of material fact" to enter into more than $300 million "of highly inappropriate, complex, leveraged and speculative transactions."

But Lehman Bothers said in a statement issued in Hong Kong that it was Sinochem that owed it money from the transactions.

"We have been trying to recover a significant amount of money from Sinochem for some time," said the statement, issued Thursday. "Their decision to sue us is clearly little more than a cynical attempt to avoid paying Lehman Brothers what we are owed for conducting trades on Sinochem's behalf."

According to the New York source, the transactions over which Sinochem filed suit were collateralized mortgage obligations — or CMOs — and swaps in the Thai baht bond market in 1993 and 1994. "Sinochem wants to get back all the money it has put in," the source said.

Lehman brought suit in 1994 against Minmetals International Nonferrous Metals Trading Co. and China International United Petroleum and Chemicals Co. to recover $97.5 million in trading losses, which it asserted they had refused to pay. The companies filed countersuits totaling $186 million. Another dispute over trading losses and bad debts between Lehman Brothers and CITIC Shanghai Co. was settled in 1995.

Knight-Ridder Is Planning To Sell Financial News Unit

Compiled by Our Staff From Dispatches

MIAMI — Knight-Ridder Inc. said Friday it would divest Knight-Ridder Financial and has engaged Goldman, Sachs & Co. to assist in reviewing its strategic options regarding the unit.

Knight-Ridder Financial provides real-time news, prices, market information and analytic services to the financial community.

During the past five years, Knight-Ridder said, the unit's revenue almost doubled as the service increased the range and depth of information it made available to customers, moving from a primary concentration on commodities in the United States to a global financial news service.

"Despite these and other accomplishments, we have concluded that KRF's full potential will be maximized by becoming part of an organization having a strong focus on real-time financial information," it said. *(Reuters, Knight-Ridder)*

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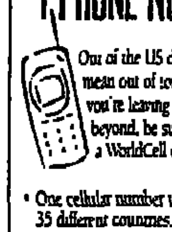

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CURRENCY & INTEREST RATES

Cross Rates

Jan. 12

	$	£	D.M.	F.F.	Lira	D.Fl.	B.F.	S.F.	Yen	C$	Peseta
Amsterdam	1.6139	2.496	1.12	0.3269	0.1026*	—	5.4495*	1.39	1.5359*	1.185	1.332*
Brussels	29.78	45.74	20.2006	6.012	1.8894*	18.3550	—	25.505	0.2812	21.88	24.425*
Frankfurt	1.4455	2.2299	—	0.292	0.9178*	0.8929	4.865*	1.2487	1.3702*	1.0614	1.1985*
London (a)	1.548	—	2.2299	7.6335	2,432.69	2.4989	45.798	1.7957	162.59	2.107	187.385
Madrid	121.476	187.62	84.049	24.536	7.708*	75.036	4.0891	104.262	115.231*	89.222	—
Milan	1,578.00	2,440.80	1,092.10	318.56	—	975.10	53.104	1,353.48	14.942	1,158.41	13.025
New York (b)	—	1.5475a	1.4437	4.952	1,577.80	1.618	29.64	1.163	105.25	1.3639	121.35
Paris	4.951	7.647	3.4256	—	0.3142*	3.0593	0.1662	4.2494	4.6945*	3.6345	4.077*
Tokyo	105.39	162.66	72.99	21.30	0.669	65.185	3.5526	90.52	—	77.28	0.8494
Toronto	1.3626	2.1072	0.9451	0.2733	0.0866*	0.8447	0.4597*	1.1733	1.2953*	—	1.124*
Zurich	1.162	1.7978	0.8056	0.2352	0.0738*	0.7195	3.9194*	—	1.1044*	0.8527	0.9580*
1 ECU	1.3052	0.8451	1.8865	6.4622	2,057.14	2.113	38.7752	1.5207	137.598	1.7771	158.583
1 SDR	1.4802	0.956	2.1243	7.2975	2,321.39	2.3796	43.4883	1.7134	154.979	2.0085	178.811

Closings in Amsterdam, London, Milan, New York, Paris and Zurich, fixings in other centers; Toronto rates at 3 p.m.
*a: To buy one pound; b: To buy one dollar; *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9993	Greek drac.	237.06	Mex. peso	7.50	S. Afr. rand	3.6305
Australian $	1.3448	Hong Kong $	7.732	N. Zealand $	1.5133	S. Kor. won	790.50
Austrian sch.	10.16	Hung. forint	139.22	Norw. krone	6.349	Swed. krona	6.6041
Brazil real	0.972	Indian rupee	35.80	Phil. peso	26.23	Taiwan $	27.37
Chinese yuan	8.2928	Indo. rupiah	2293.58	Polish zloty	2.48	Thai baht	25.26
Czech koruna	26.69	Irish £	0.6268	Port. escudo	149.91	Turkish lira	59439.
Danish krone	5.5851	Israeli shek.	3.1377	Russ ruble	4670.	UAE dirham	3.6710
Egypt. pound	3.3955	Kuwaiti dinar	0.2998	Saudi riyal	3.75	Venez. boliv.	360.00
Fin. markka	4.3695	Malay. ring.	2.5645	Sing. $	1.4235		

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.5410	1.5399	1.5389	Japanese yen	104.91	104.51	104.08
Canadian dollar	1.3622	1.3623	1.3624	Swiss franc	1.1611	1.1574	1.1539
Deutsche mark	1.4430	1.4407	1.4385				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Agence France-Presse (Paris); Bank of Tokyo (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from Reuters and AP.

Eurocurrency Deposits

Jan. 12

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1 mo.	5 9/16 - 5 11/16	3 5/8 - 3 3/4	1 11/16 - 1 3/4	6 9/16 - 6 11/16	4 5/8 - 4 3/4	3/8 - 1/2	4 7/8 - 5
3 mo.	5 7/16 - 5 1/2	3 1/2 - 3 5/8	1 11/16 - 1 3/4	6 7/16 - 6 9/16	4 7/16 - 4 5/8	1/2 - 5/8	4 13/16 - 4 15/16
6 mo.	5 5/16 - 5 7/16	3 3/8 - 3 1/2	1 11/16 - 1 3/4	6 1/4 - 6 3/8	4 11/16 - 4 13/16	1/2 - 5/8	4 3/4 - 4 7/8
1 yr	5 1/4 - 5 5/16	3 3/8 - 3 1/2	1 5/8 - 1 3/4	6 1/4 - 6 3/8	4 11/16 - 4 13/16	9/16 - 11/16	4 5/8 - 4 3/4

Sources: Reuters, Lloyds Bank.
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States	Close	Prev
Discount rate	5 1/4	5 1/4
Prime rate	8 1/2	8 1/2
Federal funds	5 5/8	5 5/8
3-month CDs	5.11	5.11
Comm. paper 180 days	6.11	6.11
3 month Treasury bill	5.02	5.03
1-year Treasury bill	4.86	4.87
2-year Treasury note	5.16	5.18
5-year Treasury note	5.43	5.45
7-year Treasury note	5.56	5.57
10-year Treasury note	5.74	5.75
30-year Treasury bond	6.14	6.14
Merrill Lynch 30-day RA	5.23	5.24
Japan		
Discount rate	0.50	0.50
Call money	0.40	0.39
1-month interbank	0.41	0.41
3-month interbank	0.47	0.47
6-month interbank	0.50	0.47
10-year Govt bond	2.86	2.82
Germany		
Lombard rate	5.00	5.00
Call money	3.70	3.80
1-month interbank	3.77	3.80
3-month interbank	3.68	3.70
6-month interbank	3.55	3.60
10-year Bund	5.90	5.93
Britain		
Bank base rate	6 1/2	6 1/2
Call money	6 5/8	6 7/16
1-month interbank	6 1/2	6 1/2
3-month interbank	6 7/16	6 1/2
6-month interbank	6 3/8	6 3/8
10-year Gilt	7.46	7.49
France		
Intervention rate	4.45	4.45
Call money	4 1/2	4 3/4
1-month interbank	4 9/16	4 5/8
3-month interbank	4 1/4	4 1/4
6-month interbank	4 3/16	4 1/4
10-year OAT	6.49	6.59

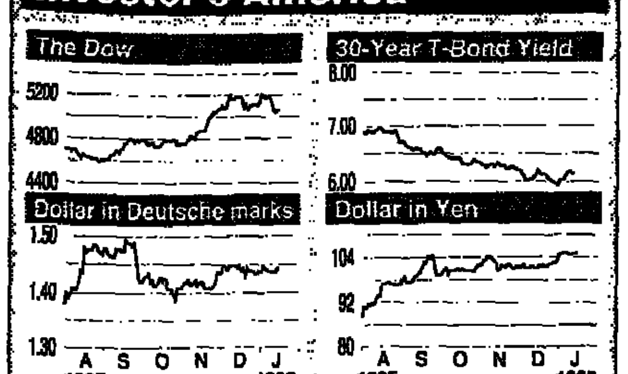
Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo, Commerzbank, Credit Lyonnais.

Gold

	A.M.	P.M.	Ch'ge
Zurich	397.25	399.55	+ 0.80
London	396.35	399.60	+0.60
New York	399.30	396.70	− 2.60

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices; New York Comex (Feb.)
Source: Reuters.

Investor's America



Exchange	Index	Fri Close	Prev. Close	% Change
NYSE	The Dow	5061.12	5065.10	-0.08
NYSE	S&P 500	601.81	602.69	-0.15
NYSE	S&P 100	574.93	576.24	-0.23
NYSE	Composite	322.95	323.28	-0.10
U.S.	Nasdaq Composite	1008.23	1009.38	-0.11
AMEX	Market Value	534.84	537.10	-0.46
Toronto	TSE Index	4753.06	4771.21	-0.38
São Paulo	Bovespa	48466.95	47486.80	+2.06
Mexico City	Bolsa	2934.13	2997.27	-2.11
Buenos Aires	Merval	541.33	533.48	+1.47
Santiago	IPSA General	5779.09	5750.82	+0.49
Caracas	Capital General	1949.17	1983.35	-1.72

Source: Bloomberg, Reuters — International Herald Tribune

Kmart Debt Cut to Junk Status

Compiled by Our Staff From Dispatches

DETROIT — Kmart Corp. sustained a new blow to its turnaround effort Friday when Standard & Poor's Corp. lowered the retailer's bond rating to junk status.

Kmart called the move "excessively severe."

S&P said it was taking the action because Kmart had lost significant market share to rivals such as Wal-Mart Stores Inc. and the Target chain of Dayton Hudson Corp.

"Despite very significant efforts by a new management team, it is beyond a two- to-three year horizon for Kmart to again generate operating and financial performance measures that represent an investment-grade credit," the rating agency said.

Kmart shares fell 8 percent in New York on Friday, closing at $7.00, down 62.5 cents.

The announcement came on the same day that another discounter, Ames Department Stores, said it would close 17 stores in three states and cut its headquarters staff, eliminating nearly 1,100 jobs overall.

Kmart, the No. 2 U.S. retailer, announced Thursday that it had reached agreement with all of its banks and other lenders to restructure $548 million worth of real-estate debt.

Under previous provisions, those lenders could have forced Kmart to repay the debt once its credit rating fell to junk-bond level as it did Friday. In that case, Wall Street analysts had said, Kmart would have been forced to seek Bankruptcy Court protection.

Kmart said Friday that because of the bank agreements, it did not expect S&P's action to have any immediate effect on the company.

"While we are disappointed with the rating, this action will not interfere with our efforts to effectively pursue a turnaround strategy and explore additional financial alternatives to enhance our liquidity and financial flexibility," the company said.

Kmart's senior debt rating was cut to BB from BBB and reduced its rating on Kmart's commercial paper to B from A-2.

The move affects about $3.4 billion in debt.

The BB rating is one notch below investment grade, making the bonds a speculative investment that is out of bounds for many trusts and investing institutions. The cuts confirm investor opinion about Kmart's debt, which has traded at spreads akin to junk bonds for months.

The lower the rating, the higher the rate of interest a borrower must pay to offset the risk. Rising interest expenses add to operating costs and make it more difficult for a business to remain competitive.

Kmart has had 11 straight quarters of losses or declining earnings. In the past year it closed hundreds of stores and cut thousands of jobs as part of a major reorganization.

S&P said the Kmart's new management was "significantly stronger" and had a reasonable turnaround strategy, but that the retail environment remained extremely competitive and its ability to execute the strategy successfully was uncertain.

(AP, Bloomberg, Reuters)

STOCKS: *Earnings Worries Prevail*

Continued from Page 9

shares fall 1/16 to 14 after it said results its second financial quarter ended Dec. 31 would be significantly lower than its first-quarter profit.

The company said its sales would fall short of expectations in large part because customers had been deferring purchasing decisions after

U.S. STOCKS

the announcement of NexGen's proposed merger with the larger chipmaker Advanced Micro Devices.

ADC Telecommunications, a maker of voice, data and video networking and transmission products, bucked the trend. The company's shares rose 2 to 32½ after an analyst at Morgan Stanley raised his rating on the stock.

The Nasdaq index, which contains many technology-related stocks, fell 2.88 points to 1,008.22.

"People can't get their hands on what earnings are going to come in like in the computer industry, and other industries, in this quarter and especially in future quarters," said Steven Zenker, a money manager at McCabe Capital Managers.

Shares in retail companies, most of which will report earnings in February, dropped because of concern that the winter storms will extend what has already been a poor Christmas selling season.

Wal-Mart Stores fell ⅜ to 22¼, Circuit City finished down ⅞ at 26, while Tandy dropped ½ to 39⅛ and Dayton-Hudson fell 1¼ to 72¾.

Because of their reliance on sales of computers and other electronics, Circuit City, Best Buy and CompUSA "are all going to be hurting," as consumer spending shifts into neutral, Mr. Trammel said.

Among drugmakers, Pharmacia & Upjohn rose ⅞ to 37 and Merck finished up ¾ at 62¼.

But some investors said that stocks of consumer goods makers, one of the market's bulwarks since last July, may be the next group of companies to be sold.

Many investors bought shares of steady-earning drug, food and tobacco companies during the past six months to defend against a halt in earnings growth at more economically sensitive companies. "They are going to have disappointing earnings too," said Donald Smith, president of the asset management firm Donald Smith & Co.

Mr. Smith said he thought the economy was in desperate need of further interest-rate reductions by the Fed to ward off recession. "The real problem is that the Fed has been too tight, given the subdued nature of inflation," he said. "The longer it is delayed, the bigger the chance that we go into a recession."

Stock in the construction-equipment maker Case rose 2⅛ to 42½ on news the issue would be added to the Standard & Poor's 500 index after the close of trading on Jan. 19. Case is to replace Pittston Services Group. Pittston shares slid ⅞ to 31.

Shares in First USA, a credit-card issuer, rose 1⅜ to 44⅛ after the company said it would sell 16 percent of its payment-processing unit in an initial public offering.

Shares in Knight-Ridder rose 3⅜ to 63¼ on news the company had hired Goldman Sachs to explore the sale of its Knight-Ridder Financial unit.

(Bloomberg, Knight-Ridder, Reuters)

Very briefly:

Kiwi Plans to Cut Staff and Costs

NEWARK, New Jersey. (AP) — Kiwi International Air Lines said Friday it would reduce costs by cutting 5 percent of its work force and trimming some salaries to prepare for a stock offering.

The cuts would affect employees at its Newark headquarters, as well as Atlanta, Chicago, and the Florida cities of Tampa, Orlando and West Palm Beach, said Jerry Murphy, president and chief executive of the 15-jet airline.

The airline will finish 1996 with its first annual profit after breaking even this past year, he said. A spokesman said the company was considering its first public stock sale once it posts a string of profitable quarters.

• **Maybelline Inc.** said it had received an acquisition offer from Joh. A. Benckiser GmbH, challenging the $660 million offer by L'Oréal SA of France. In a letter to Maybelline, the German company said the offer it was prepared to submit was "materially higher than the offer from L'Oréal SA." L'Oréal agreed to buy Maybelline for $36.75 a share.

• **Brazil**, the world's largest coffee producer, plans to import coffee the first time ever, the Brazilian coffee roasters association said. The country plans to import about 10,000 bags as precaution for any recurrence of last year's coffee shortage, which caused prices to soar.

• **The European Union** said it would not give way to U.S. demands to lift its ban on imports of hormone-treated beef, saying there would be a backlash from consumers if the ban were scrapped.

Bloomberg, Reuters

U.S. Drops Case Against Computer Coder

Washington Post Service

WASHINGTON — The U.S. government has closed a three-year investigation and will not prosecute a software engineer who created a program for scrambling, or encrypting, information on personal computers that has become widespread internationally.

The government's investigation focused on a cryptographer in Boulder, Colorado, named Philip Zimmermann, who devised a technique he called "Pretty Good Privacy" for encrypting electronic messages.

Mr. Zimmermann has said he believes that people have a right to privacy, regardless of how they transmit information.

But when encryption technology crosses the U.S. border, the government takes a different view.

Encryption technology that exceeds certain technical levels is considered a munition and those who export it without permission from the government break the law.

Germany's Budget Deficit Dampens the Outlook for Euro

Compiled by Our Staff From Dispatches

BONN — The outlook for the European Union adopting a single currency by 1999 darkened Friday, when Germany said its 1995 federal deficit overshot its budgeted level by 1.2 billion Deutsche marks ($836.2 million).

The country's economic woes, including slow growth and high unemployment, are causing ripples of worry across Europe about the fate of plans for a single currency.

Bonn's 1995 deficit was 50.2 billion DM, little changed from 50.1 billion in 1994, but up from a budgeted 49 billion.

"This calculation shows the difficult fiscal situation of the federal budget," Finance Minister Theo Waigel said. "The slowing of economic activity and unsatisfactory developments in employment led to substantial loss of tax revenue."

The mark was little changed against the dollar in New York trading. The dollar rose to 1.4437 DM from 1.4417 DM.

Economic weakness normally puts pressure on a country's currency, but

FOREIGN EXCHANGE

if Germany's problems derail the monetary-union plan, the Deutsche mark could benefit as investors flee less-stable European units.

Bonn admitted on Thursday that Germany's overall budget deficit — including state and local governments — would be 3.6 percent of economic output in 1995, well above the 3 percent limit under the Maastricht rules for currency union.

Alan Donnelly, monetary affairs spokesman for the EU Socialist group in the European Parliament, said that EU growth of more than 3 percent would be needed for economies to be able to satisfy the criteria on budget deficits and debt.

Separately, prime ministers of four Nordic countries said the EU should make curbing unemployment as important a goal as the economic convergence criteria.

"The aim to halve unemployment by the year 2000 must be a guiding principle for European policy," said Ingvar Carlsson of Sweden, Paavo Lipponen of Finland, Poul Nyrup Rasmussen of Denmark and Gro Harlem Brundtland of Norway.

(Reuters, Bloomberg, Knight-Ridder)

WORLD STOCK MARKETS

Friday, Jan. 12
Prices in local currencies.
Telekurs

Amsterdam

	High	Low	Close	Prev.
ABN-AMRO	77	76.30	76.90	76.30
Aegon	74.70	73.70	74.40	73.80
Ahold	68.20	66.80	67.90	67
Akzo Nobel	184.60	182.30	183.50	182.40
Bols Wess cva	36.90	36	36.60	35.90
CSM cva	74	72	74	73
Dordtsche Pet	245.20	242.60	245	242.50
DSM	135	132.10	133.50	131.90
Elsevier	22.10	21.70	22	21.70
Fortis Amev	112	106.80	110.50	107.40
G-Broc cva	51.10	49.90	50.70	49.70
Hagemeyer	91.50	90.10	90.60	90.10
Heineken	306.30	299.50	301.50	300.50
Hoogovens	57.90	57.30	57.60	57.20
Hunt Douglas	81.40	80	81	80
ING cva	111.40	110.30	111.20	110.10
KLM	57.40	56.60	56.70	56.60
KNP BT	46.30	45.50	45.70	45.50
KPN	60.90	60.20	60.70	60.20
Nedlloyd Gp	35.60	35.10	35.50	35.20
Nutricia	137.50	135.80	137.10	136
Oce Grinten	108.90	108	108.90	108.10
Pakhoed	42.80	42	42.20	42.10
Philips Elec	63.70	62.70	62.90	62.70
Polygram	93	89.50	92.70	88.30
Randstad Hdg	78.50	72	74	78.20
Robeco	115.50	115	115.40	114.60
Rodamco	47.90	47	47.90	47
Rolinco	122.50	122.20	122.20	121.20
Rorento	95.30	95.10	95.20	94.80
Royal Dutch	224	221.60	223	221.80
Stork	43.30	42.30	42.70	42
Unilever cva	229.50	227.40	228	228
VNU	242	238	241.80	237.20
Wolters Kl cva	156.20	154	154.20	155.10

EOE Index: 502.81
Previous: 498.78

Bangkok

	High	Low	Close	Prev.
Adv Info Svc	512	486	498	476
Bangkok Bk F	334	328	332	320
Krung Thai Bk	123	119	120	120
PTT Explor	292	284	288	282
Siam Cement F	1468	1438	1438	1432
Telecomasia	81	78.50	78.50	79.50
Thai Airways	43.75	42.25	42.25	43.25
Thai Farm Bk F	288	272	282	266
Thai Teleph	146	142	144	144
Utd Comm	346	338	342	332

SET Index: 1375.91
Previous: 1369.66

Bombay

Thursday, Jan. 11

	High	Low	Close	Prev.
Assoc Cement	2850	2775	2845	2785
Grasim Ind	548	540	540	544
Hindalco Ind	902	900	900	902
Indust Lever	626	622	624	626
Indian Hotels	610	600	608	600
ITC	229	225	227	226
Larsen Toubro	255	252	254.50	254
Reliance Ind	191	181.50	190.75	184.50
Tata Eng Loco	380	374	379	376
Tata Iron St	182	176	181.75	177.75

Sensitive Index: 3010.21
Previous: 3021.99

Brussels

	High	Low	Close	Prev.
Arbed	3495	3440	3470	3420
Barco Ind	3685	3635	3655	3590
BBL	5430	5390	5400	5380
Bekaert	25500	25150	25375	25100
CBR	12125	12000	12000	11975
CMB	2270	2250	2260	2260
Cockerill	171	169	170	170
Colruyt	8700	8640	8660	8640
Delhaize Lion	1250	1224	1230	1224
Electrabel	7280	7220	7280	7220
Electrafina	3140	3130	3135	3125
Fortis AG	3705	3670	3700	3650
GIB	1354	1338	1346	1340
GBL	4160	4130	4155	4120
Gen Banque	10925	10775	10850	10825
Glaverbel	3450	3380	3400	3435
Kredietbank	8380	8270	8310	8300
Mosane	1915	1915	1915	1900
Petrofina	9150	9060	9070	9190
Powerfin	4145	4125	4145	4110
Recticel	373	370	370	370
Royale Belge	6000	5970	6000	5930
Soc Gen Belg	2540	2510	2530	2500
Solvay	16625	16400	16475	16575
Tessenderlo	11175	11025	11050	11025
Tractebel	12675	12500	12625	12625
UCB	41200	40850	41025	40400
Union Miniere	2025	2000	2010	2005

Stock Exchange Index: 8664.51
Previous: 8618.31

Copenhagen

	High	Low	Close	Prev.
Carlsberg B	318	313	313	313
Danisco	276	265.84	274	272
Den Danske Bk	405	393	402	399
D/S Svendborg A	159000	159000	159000	158500
D/S 1912 A	111000	110000	110200	110000
East Asiatic Co	122	116	118	117
FLS Ind B	490	484	490	490
ISS Intl Svc B	143	139	141	140
Nvo Nordisk B	779	769	770	772
Radiometer B	421	415	420	410.75
Sophus Ber B	643	638	641	635
Tele Danmk B	306	299	303	303
Unidanmark A	301	290	300	290

Stock Market Index: 375.28
Previous: 376.16

Frankfurt

	High	Low	Close	Prev.
AMB	940	935	935	930
AEG	151	150	150.80	149
Allianz Hdg	2892	2882	2886	2880
Altana	875	870	875	868.50
Asko Deutsche	732	715	729	721
Badenwerk	499	499	499	496
BASF	346.50	343	345.50	339.20
Bayer Hypo Bk	36.70	36.27	36.40	36.40
Bay.Vereinsbank	43.04	42.95	42.95	42.87
Bayer	417	410.50	414.70	405.20
Berliner Kraft	428	426	426	430
BHF Bank	40.90	40.60	40.85	40.70
BMW	796	788	796	789.50
CKAG Colonia	1160	1155	1158	1157
Commerzbank	348.30	344	347.30	343.10
Daimler Benz	752.80	746	751	740.50
Degussa	524	511	519.70	507
Deutsche Bank	69.25	68.45	69.15	68.20
Dresdner Bank	37.75	37.40	37.70	37.66
Heidelbg Zmt	940	935	940	925
Henkel	560	557	559	554
Hochtief	672	662	665	666
Hoechst	417	413	415.70	410.75
Holzmann Ph.	573	564	571	557
Karstadt	619	614	616	614.50
Kaufhof Hdg	468	466	467.50	466.30
Linde	882	867	882	868
Lufthansa ord	208.80	207.50	208	207
MAN	433	424.10	431	416
Mannesmann	485.30	484	484.50	480
Muench Rueck	3208	3195	3204	3195
Preussag	428.90	426	426	421
PWA	216	214.50	215	210
RWE	544.50	542.50	543	541
SAP pfd	225.80	224.30	225.30	223
Schering	98.70	98.30	98.52	97.80
Schmalb Lub	236	231	231	226
Siemens	809.80	801.30	809	793.50
Suedzucker	766	764	764	765
Thyssen	279	277.50	278.80	273.60
Veba	63.65	63.37	63.55	63
VEW	518.50	517	518.25	516
Viag	609.75	606.50	606.50	603.50
Volkswagen	513.50	510.50	512.50	499.70
Wella	740	736	740	736

DAX Index: 2356.45
Previous: 2329.51

Helsinki

	High	Low	Close	Prev.
Cultor 1	180	178	178	180
Enso-Gutzeit R	28	27.70	27.90	27.70
Huhtamaki 1F	118	115	116	115
Kesko	58	57.20	57.30	56.60
Kone BF	363	362	363	360
Kymmene F	111	109	110	110
Merita A	12.20	11.90	12	11.70
Metra BF	175	174	174	174
Metsa-Serla B	125.50	124.50	124.50	124.80
Nokia Prf F	162.30	155	162	150
Outokumpu A	70	69	70	67.70
Rautaruukki	28.20	27.80	28.20	27.50
Repola	79.90	78.60	79.80	79
Stockmann A	N.T.	N.T.	N.T.	241
Valmet A	114.50	112.50	113	114.50

HEX General Index: 1689.67
Previous: 1675.01

Hong Kong

	High	Low	Close	Prev.
Amoy Props	8.50	8.35	8.50	8.30
Bk East Asia	29.45	28.95	29.10	29.20
Cathay Pacific	12.70	12.50	12.70	12.50
Cheung Kong	52.25	50	50.75	50.75
China Light	37	36.40	36.50	36.50
Chin Estates	6.30	6.10	6.25	6
Citic Pacific	27.90	27.25	27.75	27.30
Cons Elec Pwr	14.20	13.70	13.90	13.50
Dao Heng Bk	29.80	29.15	29.65	29.15
First Pacific	9.35	9.20	9.30	9.10
Great Eagle	22	21.90	21.90	21.80
Guangdong Inv	5.65	5.30	5.65	5.25
Gooco Group	39.30	38.20	39.10	38.10
Hang Lung	13.70	13.25	13.30	13.50
Hang Seng Bk	70.25	69	69.50	68.75
Henderson Inv	7.15	6.95	6.95	7
Henderson Ld	51	49.40	50.75	48.80
HKR Intl	7.95	7.75	7.80	7.65
HK Aircraft	21.80	21.30	21.30	21.45
HK China Gas	13.55	13.35	13.45	13.20
HK Electric	26.25	25.85	25.90	26
HK Shang Hils	12.10	11.55	11.55	11.30
HK Telecomm	14.80	14.60	14.75	14.60
Hopewell Hdgs	5.10	4.90	4.95	4.78
HSBC Hdgs	118.50	116	117.50	116.50
Hutchison Wh	51.25	48.20	49.40	49.50
Hysan Dev	21.65	21.45	21.45	21.30
Johnson El 500	15.35	15	15.15	15.30
Miramar Hotel	16.20	15.80	15.80	16.10
Natl Mutual	7.35	7.25	7.35	7.30
New World	35.30	34.30	34.30	34.40
Oriental Press	2.70	2.65	2.70	2.68
Orient Telecom	2.63	2.60	2.60	2.55
Shangri-La	9.90	9.80	9.85	9.70
SHK Props	65.25	63.75	64.75	62.75
Shun Tak Hdgs	6.05	5.75	5.80	6
Sino Land Co.	7.15	6.90	7	7.05
Sth China Post	4.80	4.75	4.75	4.78
Swire Pac A	63.25	62	62.50	62.25
Tsim Sha Tsui	7.20	7	7.15	7.10
TV Broadcasts	30.70	29.85	30.30	29.70
Wharf Hdgs	29.30	28	28.55	27.75
Wheelock	15.30	14.95	15.25	14.70

Hang Seng Index: 10540.00
Previous: 10429.82

Jakarta

	High	Low	Close	Prev.
Astra Intl	3575	3575	3575	3550
Bank Pacific	1800	1750	1775	1750
Gudang Garm	26400	26100	26200	25800
Indah Kiat	1700	1675	1675	1675
Indocement	9100	8450	9100	8350
Indofood	12475	12000	12450	11600
Indorayon	2150	2025	2025	2100
Indosat	9000	8775	8950	8550
Kalbe Farma	8600	8500	8550	8300
Sampoerna	27500	26300	27450	26100

Composite Index: 550.99
Previous: 523.78

Johannesburg

	High	Low	Close	Prev.
AngloAm-Corp	253	250	252	252
AngloAm Gold	355	346	355	353
AngloAm Ind	187	184	187	181
Barlow	56.75	56	56.75	55.75
C.G. Smith	28.50	28.25	28.25	28
De Beers	120.50	118.25	120	118.25
Driefontein	55	53.50	54.90	56
Freegold	36.50	34.50	36.25	36.25
Fst Natl Bk	34	34	34	33
Gencor	13.90	13.50	13.90	13.85
GFSA	127	127	127	127
Iscor	3.83	3.70	3.80	3.68
Johnnies Ind	58.50	58	58	58
Kloof Gold	45	43	44	46.25
Liberty Life	122	120	122	118
Nedcor	65.50	65.25	65.50	65.25
Rembrandt Gp	38	37.25	38	36.50
Richemont	59	57.75	58	57.25
Rust Platinum	71	70.50	70.50	72
SA Breweries	138	135	138	132.50
Sappi	55	54.50	54.50	54
Sasol	32.75	32.50	32.75	32.10
SBIC	173	170	173	170
Tiger Oats	65.50	65	65.50	64.50

All Market Index: 6723.45
Previous: 6661.26

Kuala Lumpur

	High	Low	Close	Prev.
Mal Banking	23	22.50	22.90	22.40
Mal Intl Ship F	6.95	6.85	6.90	6.90
Public Bank F	5.80	5.65	5.75	5.65
Resorts World	14.70	14.30	14.70	14.30
Sime Darby	6.90	6.60	6.90	6.50
Telekom Mal	20.80	20.40	20.70	20.30
Tenaga	10.20	9.90	9.95	10
Utd Engineers	17.70	17	17.40	17

Composite Index: 1061.77
Previous: 1046.79

London

	High	Low	Close	Prev.
Abbey Natl	6.39	6.23	6.36	6.29
Allied Domecq	5.40	5.32	5.35	5.38
Anglian Water	5.83	5.73	5.77	5.75
Argyll Group	3.45	3.35	3.42	3.36
Arjo Wiggins	1.87	1.80	1.83	1.78
Asda Group	1.17	1.12	1.14	1.12
Assoc Br Foods	3.70	3.59	3.67	3.60
BAA	4.85	4.78	4.79	4.78
Barclays	7.52	7.42	7.50	7.44
Bass	7.14	7	7.03	7.10
BAT Ind	5.59	5.01	5.51	5.52
Bank Scotland	2.91	2.86	2.87	2.86
BICC	2.97	2.89	2.95	2.92
Blue Circle	3.37	3.25	3.25	3.33
BOC Group	9.10	9.04	9.04	9.06
Boots	5.95	5.90	5.95	5.92
Bowater	3.78	3.36	3.58	3.60
BPB Ind	2.92	2.83	2.85	2.90
Brit Aerosp	8.37	8.30	8.35	8.37
Brit Airways	4.92	4.86	4.90	4.89
Brit Gas	2.67	2.56	2.66	2.58
Brit Petm	5.28	5.20	5.26	5.21
Brit Steel	1.70	1.64	1.65	1.65
Brit Telecom	3.69	3.50	3.61	3.55
BTR	3.44	3.31	3.35	3.36
Burmah Cast	9.77	9.67	9.69	9.66
Cable Wireless	5.25	4.58	4.63	4.59
Cadbury Schw	5.38	5.32	5.37	5.34
Caradon	2.18	2.13	2.16	2.18
Carlton Comm	10.19	9.93	10.15	9.93
Coats Viyella	1.84	1.79	1.82	1.81
Comml Union	6.62	6.16	6.24	6.16
Courtaulds	4.35	4.25	4.31	4.34
De La Rue	7	6.83	6.91	6.86
Eastern Group	9.84	9.84	9.84	9.60
Eng China Cl	3.32	3.20	3.23	3.35
Enterprise Oil	3.84	3.68	3.83	3.70
Fam Colonial	1.63	1.61	1.61	1.62
Forte	3.97	3.60	3.69	3.68
Genl Accident	6.42	6.30	6.38	6.35
GEC	3.66	3.55	3.64	3.63
GKN	7.93	7.86	7.92	7.93
Glaxo	8.82	8.71	8.73	8.77
Granada Gp	6.66	6.01	6.60	6.65
Grand Met	4.86	4.43	4.48	4.49
GRE	2.64	2.58	2.61	2.60
Guinness	4.87	4.80	4.85	4.83
GUS	6.75	6.63	6.71	6.69
Hanson	2.06	2.01	2.05	2.03
Hillsdown Hdg	1.75	1.70	1.75	1.74
HSBC Hldgs	9.86	9.74	9.78	9.79
ICI	8.11	8	8.02	8.04
Inchcape	2.69	2.57	2.61	2.57
Kingfisher	5.37	5.20	5.31	5.21
Ladbroke	1.55	1.50	1.54	1.50
Land Sec	6.31	6.26	6.30	6.26
Laporte	6.82	6.62	6.64	6.62
Lasmo	1.78	1.75	1.75	1.74
Legal Genl Grp	6.83	6.77	6.80	6.79
Lloyds Abbey	4.56	4.50	4.51	4.50
Lloyds TSB Gp	3.14	3.08	3.09	3.10
London Elec	5.79	5.68	5.79	5.67
Lucas Ind	2.01	1.73	1.77	1.74
Marks Spencer	4.32	4.26	4.30	4.29
MEPC	4.07	4.02	4.02	4.05
Mercury Asset	8.70	8.66	8.69	8.66
Midlands Elec	7.98	7.75	7.95	6.62
Natl Power	4.39	4.33	4.38	4.37
NatWest	6.38	6.29	6.35	6.36
News Intl	3.02	3.01	3.02	3.07
Norweb	N.T.	N.T.	N.T.	10.15
NthWst Water	5.75	5.67	5.72	5.73
Nthern Foods	1.85	1.75	1.81	1.77
P&O	4.92	4.71	4.83	4.85
Pearson	6.91	6.16	6.25	6.21
Pilkington	1.96	1.92	1.93	1.92
Powergen	5.06	5.02	5.02	5.03
Prudential	4.34	4.28	4.32	4.28
Rank Org	5	4.40	4.49	4.50
Reckitt Colm	7.10	6.94	7.10	6.99
Redland	3.79	3.63	3.74	3.74
Reed Intl	9.97	9.86	9.93	9.84
Rentokil	3.43	3.40	3.42	3.38
Reuters Hdgs	6.05	5.98	6.03	5.96
RMC Group	9.55	9.41	9.41	9.47
Rolls Royce	1.98	1.64	1.96	1.92
Royal Bk Scot	5.52	5.43	5.47	5.48
RTZ reg	8.98	8.44	8.87	8.77
Royal Insur	3.91	3.82	3.86	3.85
Sainsbury	4.09	3.96	4.04	3.96
Schroders	13.60	13.45	13.53	13.53
Scot Newcastle	6.10	6.05	6.07	6.06
Scot Power	3.77	3.71	3.75	3.73
Sears	1.02	0.96	0.98	0.99
Severn Trent	6.28	6.18	6.21	6.23
Shell Trsp reg	8.47	8.38	8.40	8.46
Siebe	7.76	7.63	7.73	7.65
Smith Nephew	1.85	1.83	1.84	1.84
Smith (WH)	4.14	4.07	4.07	4.14
SmithKline clA	6.97	6.88	6.95	6.94
Smiths Ind	6.30	6.23	6.28	6.22
Sthern Elec	9.18	9.10	9.14	6.98
Stand Charter	5.75	5.63	5.63	5.70
Sun Alliance	3.68	3.60	3.66	3.60
Tate & Lyle	4.63	4.59	4.59	4.62
Tesco	3.06	2.99	3	3.01
Thames Water	5.38	5.30	5.30	5.33
Thorn EMI	16.05	15.95	16.03	15.95
3i Group	4.15	4.10	4.10	4.12
TI Group	4.71	4.63	4.70	4.67
Tomkins	2.91	2.62	2.79	2.83
Unilever	13.25	13.12	13.22	13.13
Utd Biscuits	2.57	2.50	2.53	2.55
Utd News	5.77	5.69	5.69	5.73
Vendome uts	5.56	5.51	5.54	5.51
Vodafone	2.17	2.13	2.13	2.15
Whitbread	6.85	6.74	6.76	6.77
Williams Hdgs	3.35	3.30	3.34	3.33
Wolseley	4.45	4.40	4.45	4.40
Yorkshire Elec	6.78	6.70	6.77	6.70
Zeneca	12.39	12.27	12.36	12.29

FT-SE 100 Index: 3457.30
Previous: 3454.90

Madrid

	High	Low	Close	Prev.
Acerinox	13800	13520	13570	13500
ACESA	1365	1345	1345	1330
Argentaria	5300	5260	5300	5230
BBV	4405	4350	4385	4345
Banesto	830	826	829	829
Bankinter	12390	12170	12190	12170
Bco Centro Hisp	2420	2390	2415	2400
Bco Exterior	3265	3260	3260	3260
Bco Popular	22700	22350	22690	22250
Bco Santander	6030	5960	6000	5970
CEPSA	3210	3185	3210	3185
Corp Mapfre	6970	6770	6820	6920
Dragados	1765	1710	1710	1705
Endesa	6950	6860	6950	6790
FECSA	875	862	865	866
Fomento Const	10480	10300	10480	10220
Gas Natural	18490	18300	18390	18280
Hidroel Cantab	4160	4080	4160	4120
Iberdrola	1140	1115	1135	1110
Pryca	2570	2545	2570	2515
Repsol	4105	3990	3990	4075
Sevillana Elec	930	920	927	925
Tabacalera	4895	4855	4875	4835
Telefonica	1775	1765	1765	1760
Union Fenosa	711	700	703	697
Valenc Cement	1445	1430	1445	1445

Stock Exchange Index: 326.06
Previous: 323.75

Manila

	High	Low	Close	Prev.
Ayala A	22.50	22	22.50	22
Ayala Land	32.50	31	32.50	30.50
Manila Elec A	163	154	160	152
Metro Bank	540	525	530	530
Petron	14.25	13.75	14	13.75
Phil Long Dist	1570	1530	1565	1485
San Miguel A	56	55	55.50	55
San Miguel B	94	93.50	93.50	93.50
SM Prime Hdg	8	7.90	8	7.80

PSE Index: 2747.26
Previous: 2664.73

Mexico

	High	Low	Close	Prev.
Alfa A	104.30	103.00	104.30	104.10
Cemex B	29.50	28.60	29.10	28.90
Cifra C	9.02	8.86	9.00	9.02
Empresas ICA	89.90	88.00	88.60	89.90
Emp Moderna	31.10	30.50	31.00	31.20
Femsa	20.00	19.70	19.74	19.90
Gpo Carso A1	52.90	51.10	51.60	52.90
Televisa CPO	96.80	94.40	96.00	97.30
TelMex L	13.00	12.22	12.34	13.12
Tribasa CPO	32.50	31.75	31.95	32.50

Bolsa Index: 2934.13
Previous: 2997.27

Milan

	High	Low	Close	Prev.
Alleanza Assic	14750	14440	14450	14525
Bca Comm Ital	3290	3240	3290	3250
Bca Naz Agricol	1040	1020	1040	1060
Bca Naz Lavoro	11590	11460	11480	11500
Bca di Roma	1548	1518	1544	1524
Bco Ambrosiano	4200	4100	4200	4148
Benetton	18240	18040	18200	18120
Credito Italiano	1837	1815	1829	1831
Enichem Aug.	3325	3325	3325	3325
Fiat	5035	4990	5005	5015
Fondiaria	7480	7310	7350	7445
Generali Assic	38650	38150	38450	38500
IFIL	4730	4590	4730	4685
Italcementi	9890	9755	9850	9785
Italgas	4820	4730	4745	4785
Mediobanca	10430	10220	10325	10230
Montedison	1012	992	1004	1005
Olivetti	1204	1172	1178	1204
Pirelli	2020	2000	2015	2020
RAS	18170	18000	18070	18120
Rinascente	9350	9215	9300	9340
S Paolo Torino	9255	9110	9255	9250
SME	3515	3480	3500	3535
Standa	22500	22500	22500	23500
Stet	4485	4435	4460	4470
Telecom Italia	2520	2475	2500	2500
Toro Assic	20200	19900	20100	19800

MIB Telematico Index: 9336.00
Previous: 9336.00

Montreal

	High	Low	Close	Prev.
Alca I	19¼	19⅛	19¼	19¼
Bank Montreal	31⅜	31⅛	31⅜	31¾
Bce Mob Com	48	48	48	48
Cdn Tire A	15⅛	15	15	15
Cdn Util A	26¾	26½	26⅝	26½
Cascades	6⅝	6¼	6⅝	6⅝
CT Finl Svc	N.T.	N.T.	N.T.	24
Extendicare	N.T.	N.T.	N.T.	28⅞
Gaz Metro	15⅛	14⅞	15	15⅛
Gt-West Lifeco	29⅝	29½	29½	29½
Hees Intl Bcp	15⅛	14⅞	14⅞	15
Hudson's Bay	19⅝	19⅜	19⅜	19⅝
Imasco	26⅝	26¼	26⅜	26½
Investors Grp	17½	17½	17½	17¾
Loblaw Cos	33	33	33	32¾
Molson A	22⅝	22½	22½	22¾
Natl Bk Canada	11¼	11⅛	11¼	11⅛
Oshawa A	23⅛	23⅛	23⅛	23⅛
Pancdn Petlm	51	51	51	52½
Power Corp	20	19⅜	19⅜	20
Power Finl	33	32¾	33	32¾
Quebecor B	21⅛	21	21⅛	21
Rogers Comm B	15⅝	15⅜	15⅜	15⅝
Royal Bk Cda	31½	31⅛	31¼	31¼
Sears Canada	6⅛	6⅛	6⅛	6⅛
Shell Cda A	43½	42⅝	43⅛	44½
Southam	14⅛	14	14	14⅛
Stelco A	6⅛	6⅛	6⅛	6⅛
Trilon Finl A	4½	4½	4½	4.55

Industrials Index: 2285.72
Previous: 2290.35

Oslo

	High	Low	Close	Prev.
Aker A	89	88	88.50	88.50
Bergesen Dy B	132	131	132	132
Christiania Bk	15.80	15.50	15.60	15.70
Den Norske Bk	17.80	17.50	17.70	17.60
Dl Norsk Luft	293	292	293	292
Dyno Indust	144	141.50	142	143.50
Elkem	73	71	72.50	71
Hafslund A	175	173	173.50	175
Kvaerner	234	219.50	229	228
Leif Hoegh	93	93	93	93
Norsk Hydro	281	276	278.50	278.50
Norske Skog A	183	180	181.50	181
Orkla	318	314	315	317
Rieber B	131	131	131	132
Saga Petlm B	80	78.50	80	79.50
Schibsted	N.T.	N.T.	N.T.	84.50
UniStorebr A	35.50	34	34.40	35.20

OBX Index: 420.57
Previous: 421.79

Paris

	High	Low	Close	Prev.
Accor	650	643	646	640
AGF	158.90	156.30	158.90	156.10
Air Liquide	866	854	857	855
Alcatel Alsth	425	420.10	420.10	418.80
Axa	325.40	318.50	320	322.60
Bancaire	508	493.50	493.50	504
BNP	205.40	201	201.50	203.50
Bouygues	510	491.10	491.10	507
Canal Plus	958	934	935	956
Carrefour	3175	3136	3163	3129
CCF	237.80	235.20	236.70	235.30
CarnaudMB	224.10	224	224.20	224.10
Credit Local d	412.40	406	406.10	411.20
Credit Lyon PC	249	241.50	241.50	249
Danone	802	787	799	784
Elf-Aquitaine	371	366.30	368.20	366.50
Eridania BS	845	837	840	839
Euro Disney	12.25	12.05	12.15	12.10
Eurotunnel uts	6.30	6.05	6.05	6.35
Gen. Eaux	541	532	534	536
Havas	398.50	394.30	394.60	394.50
Lafarge Cop	312.20	305	306.20	307.50
Legrand	793	782	790	782
L'oreal	1357	1343	1348	1335
LVMH	1047	1036	1040	1035
Lyon. Eaux	479	461.10	475.90	467.90
Michelin B	196.30	194	194.40	195
Navig Mixte	690	680	680	680
Paribas A	271.90	268.20	269.90	267.50
Pechiney Intl	84.90	83.50	84	84
Pernod Ricard	290.40	282.10	288	287.80
Peugeot Cit	654	646	650	643
Pinault-Print	1069	1050	1058	1067
Promodes	1256	1234	1255	1245
Renault	155	149.30	152.30	149.50
Rh-Poulenc A	103.50	101.50	101.60	101.70
Roussel-Uclaf	895	881	890	883
Sanofi	319.60	311.50	315	316.80
Schneider	176.90	174.60	176.60	174.30
Ste Generale	599	587	595	584
St Gobain	576	568	573	564
St Louis	1417	1392	1408	1395
Suez	200.90	192.20	200.40	193.90
Thomson CSF	118.50	115.30	115.70	117.40
Total B	354.90	346	351.90	346.70
UAP	125.30	123.40	123.50	123.50
Valeo	235	225.10	233.10	225.60

CAC-40 Index: 1987.59
Previous: 1897.85

São Paulo

	High	Low	Close	Prev.
Bco Brasil Pfd	12.80	12.15	12.40	12.35
Banespa Pfd	5.80	5.55	5.80	5.55
Bradesco Pfd	9.46	9.10	9.45	9.25
Brahma Pfd	474.99	450	471	452
Cemig Pfd	23.65	23.20	23.59	23.30
CESP Pfd	26.80	26.50	26.80	26.50
Eletrobras B	293	285	293	284
Itaubanco Pfd	312.50	309	312.50	308.50
Light	305	301	302	301
Paranapan Pfd	N.T.	N.T.	N.T.	12.78
Petrobras Pfd	101.50	98	101	96.97
Sid Nacional	23.90	23.10	23.30	23.40
Souza Cruz	5.15	5.10	5.15	5.01
Telebras Pfd	54.10	52.50	53.50	52.90
Telesp Pfd	167	162.10	165	162
Usiminas Pfd	0.90	0.88	0.90	0.88
CVRD Pfd	169.50	166	169	164

Bovespa Index: 48466.80
Previous: 47486.80

Seoul

	High	Low	Close	Prev.
Daewoo Heavy	8250	8100	8140	8200
Hyundai Eng	37000	36500	36900	36900
Hyundai Motor	34200	33000	34000	34300
Korea El Pwr	30300	29800	29800	30100
Korea Mob Tel	624000	615000	616000	623000
LG Electronics	26500	26000	26300	26300
Pohang Iron St	55000	53000	54000	54000
Samsung Elec	139000	133000	134500	138000
Samsung Hvy	19700	19300	19600	19400
Yukong	25900	24800	24800	25300

Composite Index: 878.64
Previous: 883.96

Singapore

	High	Low	Close	Prev.
Cerebos Pac	12.10	11.50	12.10	11.40
City Devtls	11.40	11	11.30	11
Cycle Carriage	15.20	15	15.20	15
Dairy Farm Intl *	1.07	0.99	1.07	0.98
DBS	10.60	10.50	10.60	10.60
DBS Land	5.15	5	5.15	5.05
Fraser & Neave	19.30	18.80	19.20	19
HK Land *	2.02	1.93	1.96	1.92
Hong Leong Fin	4.02	3.98	4.02	4
Jard Matheson *	7.45	7.45	7.55	7.40
Jard Strategic *	3.18	3.14	3.16	3.10
Keppel	13.40	12.80	13.10	13
Natsteel	2.98	2.94	2.98	2.92
Neptune Orient	1.63	1.61	1.62	1.61
OCBC foreign	18.70	18.40	18.60	18.20
O'Sea Union Bk	7	6.95	7	7
Sembawang	8.90	8.75	8.90	8.75
Sing Airlines F	14.40	14.10	14.10	14
Sing Petlm	1.81	1.80	1.81	1.81
Sing Press F	26.80	25.30	25.30	26.50
ST Auto F	3.06	3	3	3.04
ST Ship	2.74	2.71	2.72	2.73
Sing Telecomm	3.34	3.30	3.32	3.38
Straits Steam	4.92	4.84	4.88	4.86
Utd Industrial	1.51	1.47	1.50	1.46
Utd O'Sea Bk F	14.80	14.60	14.80	14.40
Wing Tai Hdgs	3.16	3.08	3.12	3.08

*: in U.S. dollars.

Straits Times Index: 2402.02
Previous: 2369.49

Stockholm

	High	Low	Close	Prev.
AGA BF	92	90	92	90.50
Asea AF	690	663	668	660
AssiDoman F	143	140	141.50	139
Astra AF	257	252	253	255
Atlas Copco AF	102.50	101.50	102	102
Avesta F	62.50	60.50	60.50	61
Electrolux BF	299	291	291	295
Ericsson BF	129	125	127	124
Gambro BF	152.50	152	152	152
Hennes BF	396	385	386	395
Incentive AF	307	305	307	304
Investor BF	217	213	214	213
Kinnevik BF	198	193	196	193
MoDo BF	311	296	300	304
Sandvik BF	120	118.50	118.50	119.50
SCA BF	102	99	99.50	98.50
S-E Banken AF	56	54	54.50	54
Skandia Fors F	185	182.50	184.50	182.50
Skanska BF	232	229	229.50	230
SKF BF	135	132.50	133	134
SSAB BF	71.50	69.50	71.50	69
Stora AF	79	76.50	77	76
Sv Handles AF	135	133.50	133.50	134
Sydkraft AF	N.T.	N.T.	N.T.	136
Trelleborg BF	75.50	73.50	73.50	74
Volvo BF	132	127.50	130	126.50

SX 16 Index: 1813.33
Previous: 1808.95

Sydney

	High	Low	Close	Prev.
Amcor	9.53	9.44	9.50	9.50
ANZ Bkng	6.44	6.35	6.42	6.35
BHP	19.28	18.90	18.92	19.27
Boral	3.45	3.39	3.45	3.41
Brambles Ind.	15.55	15.49	15.50	15.60
Burns Philp	3.08	3.02	3.06	3.01
CBA	11.09	11.02	11.09	11.07
CC Amatil	11.80	11.70	11.74	11.72
Coles Myer	4.41	4.30	4.33	4.40
Comalco	6.90	6.83	6.83	6.85
CRA Ltd	19.45	19.20	19.26	19.46
CSR	4.58	4.51	4.51	4.57
Fosters Brew	2.30	2.28	2.29	2.30
GIO Australia	3.21	3.16	3.20	3.15
Goodman Fld	1.35	1.33	1.33	1.33
ICI Australia	10.35	10.28	10.35	10.25
John Fairfax	2.87	2.82	2.83	2.86
Lend Lease	20.12	19.95	20.02	20
Mayne Nickless	6.01	5.90	5.90	6.02
MIM Hdgs	1.85	1.79	1.80	1.84
Nat Aust Bank	12.47	12.31	12.45	12.47
News Corp	7.29	7.22	7.26	7.23
North Ltd	3.75	3.70	3.73	3.78
Pacific Dunlop	3.14	3.10	3.11	3.14
Pioneer Intl	3.58	3.50	3.51	3.58
Placer Pacific	3.14	3.08	3.10	3.16
Santos	3.95	3.88	3.88	3.94
Southcorp	3.18	3.16	3.18	3.18
Wesfarmers	8.52	8.40	8.44	8.44
Wstrn Mining	8.60	8.45	8.48	8.55
Westfield Trt	2.46	2.42	2.45	2.45
Westpac Bkng	6	5.83	6	5.85
Woodside Pet	7.13	7.01	7.02	7.13
Woolworths	3.40	3.35	3.39	3.36

All Ordinaries Index: 2219.40
Previous: 2248.70

Taipei

	High	Low	Close	Prev.
Asia Cement	41.90	40.20	41.70	41
Cathay Life Ins	124	121	122	121
Chang Hwa Bk	100	98.50	98.50	98.50
China Steel	21.40	20.80	20.90	20.70
China Trust	42.80	41.80	42	41.70
Evergreen	43.50	42.60	42.90	42.80
Far East Text	24.90	24.50	24.60	24.40
First Bank	102	100	100.50	99.50
Formosa CF	23.30	22.70	23	22.60
Hua Nan Bk	85.50	84	84	83.50
Hualon Teijran	18.90	18.40	18.40	18.30
ICBC	74	72.50	73	72
President Ent	31.70	31.10	31.20	31.20
Taiwan Cemt	35.50	34.70	34.70	34.60
Tatung	49.50	48.50	48.60	48.70

Stock Market Index: 4962.80
Previous: 4942.82

Tokyo

	High	Low	Close	Prev.
Ajinomoto	1180	1150	1170	1170
All Nippon Air	1080	1050	1060	1060
Asahi Bank	1270	1240	1270	1230
Asahi Chem	784	778	775	778
Asahi Glass	1170	1150	1170	1140
Bank of Tokyo	1820	1790	1800	1800
Bk Yokohama	842	836	837	836
Bridgestone	1670	1640	1650	1660
Canon	2030	2000	2010	1990
Chiba Bank	905	890	896	890
Chubu Elec	2500	2450	2450	2460
Chugoku Elec	2420	2390	2410	2410
Daiei	1310	1270	1290	1280
Daiichi Kang	2050	1970	1990	2040
Daiwa Bank	829	814	814	822
Daiwa House	1710	1690	1710	1700
Daiwa Sec	1580	1550	1560	1580
Fanuc	4480	4420	4480	4460
Fuji Bank	2360	2330	2340	2320
Fuji Photo	3090	3040	3070	3100
Fujitsu	1180	1150	1160	1150
Hitachi	1050	1000	1010	1040
Honda Motor	2250	2140	2180	2270
IBJ	3010	2980	2990	3000
IHI	441	436	438	441
Itochu	737	718	725	726
Ito-Yokado	6490	6410	6460	6430
JAL	689	679	682	685
Jusco	2730	2640	2660	2730
Kajima	1070	1030	1040	1060
Kansai Elec	2500	2450	2490	2490
Kao	1330	1310	1320	1320
Kawa Steel	368	360	362	365
KDD	8800	8650	8650	8950
Kinki Nipp Ry	799	786	791	798
Kirin Brewery	1210	1170	1180	1210
Kobe Steel	337	323	328	326
Komatsu	870	850	856	866
Kubota	681	663	669	677
Kyocera	7480	7270	7330	7350
Kyushu Elec	2490	2470	2490	2490
LTCB	849	821	830	836
Marubeni	582	569	575	575
Marui	2160	2100	2150	2130
Matsu Elec Ind	1760	1720	1720	1750
Matsu Elec Wk	1160	1140	1140	1150
Mitsubishi	1280	1250	1270	1260
Mitsubishi Bk	2470	2440	2450	2440
Mitsubishi Ch	517	511	517	510
Mitsubishi El	787	766	768	780
Mitsubishi Est	1360	1310	1320	1320
Mitsubishi Hvy	858	829	840	843
Mitsubishi Mat	859	840	845	868
Mitsubishi Tr	1780	1750	1770	1760
Mitsui	940	915	924	930
Mitsui Fudosn	1340	1310	1320	1330
Mitsui Trust	1150	1100	1150	1130
Murata Mfg	3750	3670	3670	3620
NEC	1290	1260	1260	1280
New Oji Paper	950	937	940	945
Nikko Sec	1340	1310	1320	1300
Nintendo	8490	8210	8250	8430
Nipp Credit Bk	440	428	432	435
Nipp Express	993	963	970	981
Nippon Oil	644	630	630	647
Nippon Paper	720	707	715	715
Nippon Steel	365	359	360	364
Nippon Yusen	614	599	608	607
Nippondenso	2030	2000	2020	2020
Nissan Motor	830	817	818	824
NKK	288	285	286	286
Nomura Sec	2310	2250	2270	2280
NTT	8270a	8070a	8070a	8250a
Obayashi	850	831	840	840
Odakyu El Ry	708	690	696	691
Ono Pharm	4000	3820	3840	3990
Osaka Gas	362	357	361	362
Ricoh	1180	1160	1160	1150
Sakura Bk	1240	1220	1240	1230
Sankyo	2520	2470	2490	2480
Sanwa Bank	2180	2130	2160	2120
Sanyo Elec	650	622	622	640
Secom	7130	6850	6870	7150
Seibu Rwy	5080	5030	5030	4980
Sekisui House	1360	1340	1350	1360
Seven-Eleven	7370	7130	7190	7270
Sharp	1660	1590	1610	1650
Shimizu	1090	1050	1060	1080
Shin-etsu Ch	2110	2080	2090	2000
Shizuoka Bk	1320	1300	1310	1330
Sony	6650	6450	6450	6540
Sumitomo	1080	1030	1030	1070
Sumitomo Bk	2230	2190	2220	2200
Sumit Chem	517	512	516	517
Sumitomo Elec	1320	1270	1280	1300
Sumit Metal	337	332	333	335
Sumit Trust	1500	1450	1470	1440
Taisei	725	710	713	719
Taisho Pharm	2090	2040	2080	2060
Takeda Chem	1710	1660	1670	1710
TDK	5160	5080	5080	5110
Tohoku El Pwr	2480	2440	2450	2460
Tokai Bank	1400	1380	1400	1370
Tokio Marine	1360	1300	1310	1340
Tokyo El Pwr	2750	2680	2700	2760
Tokyo Gas	368	365	367	364
Tokyu	762	718	718	755
Tonen	1570	1530	1540	1560
Toppan Print	1390	1350	1360	1340
Toray Ind	688	680	683	680
Toshiba	842	823	823	837
Toyo Seikan	3130	3040	3050	3040
Toyo Trust	948	932	941	929
Toyota Motor	2250	2200	2210	2250
Yamaichi Sec	835	815	818	825
Yamanouchi	2360	2310	2320	2350
Yasuda Fire	762	745	746	762
Yasuda Trust	580	567	569	578

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Nikkei 225 Index: 20287.42
Previous: 20377.92

Toronto

	High	Low	Close	Prev.
Abitibi Price	20	19¾	19⅞	20
Air Canada	4¾	4.70	4.70	4.70
Alberta Energy	22⅜	22⅛	22⅜	22⅜
Alcan Alum	40½	39¾	40	40
Avenor A	23	22¾	22⅞	23
Bk Nova Scotia	30¾	30½	30¾	30½
Barrick Gold	38⅝	37⅜	37⅞	38⅜
BCE	48¼	47⅞	48	48⅛
BC Telecomm	25⅝	25⅜	25⅜	25⅜
Bombardier B	18½	18¼	18½	18½
Brascan A	23½	23¼	23⅜	23⅜
Cameco	57⅛	54½	55½	54⅞
CIBC	41½	41	41¼	41⅛
Cdn Airlines	3.05	2.95	3	3
Cdn Nat Res	19⅝	19¼	19⅜	19⅝
Cdn Occid Pet	45⅜	43⅝	44⅛	45½
Cdn Pacific	24⅝	24½	24¾	24⅝
Cominco	28¼	27¾	27⅞	28
Consumers Gas	18⅝	18⅝	18⅝	18⅝
Dofasco	18⅝	18⅜	18⅝	18¾
Domtar Ind B	10	9¾	10	9⅞
Du Pont Cda A	24½	24	24¼	24¼
Echo Bay Min	16⅛	15½	15¾	16⅛
Empire Co. A	13	12¾	13	13
Falconbridge	29	28¾	28¾	28⅞
Fletcher Chall A	20⅜	20¼	20½	20⅝
Franco Nevada	81¾	81	81¼	81½
Guardian Cap A	10⅛	10	10	10
Hemlo Gold	15⅝	15½	15¾	15⅝
Horsham	19¼	18¾	18¾	19¼
Imperial Oil	49⅛	48¾	48¾	49
Inco	43⅞	43	43⅞	43⅝
IPL Energy	32⅝	32½	32⅛	32⅝
Laidlaw A	13⅜	13¼	13⅛	13⅜
Laidlaw B	13⅜	13¼	13½	13⅜
Loewen Group	35	33⅝	34	34⅝
Ldn Insur Gp	26¾	26½	26½	26¾
Macmill Bld	17¼	16⅞	17	17⅛
Magna Intl A	58½	57½	57¾	58¾
Maple Leaf Fds	6	6	6	6⅛
Moore	25⅛	24¾	24⅞	24⅞
Newbridge Net.	64⅛	59¼	63⅛	59⅞
Noranda Inc	27	26¾	26⅞	26⅞
Noranda Forest	9	8⅞	8⅞	8⅞
Norcen Energy	19⅛	19	19⅛	19¼
Nthern Telecom	58½	57¼	57⅝	58
Nova	11⅜	11⅛	11¼	11⅛
Onex	15¼	15	15¼	15⅛
Placer Dome	36	35⅛	35¼	35¼
Potash Sask	96½	95	95¾	95
Provigo	8¼	8	8¼	8⅛
Quebecor Prtnt	23¾	23¼	23⅜	23⅝
Renaissance	33⅛	32⅞	32⅞	32⅞
Rio Algom	24½	23⅞	24	24½
Seagram Co	48⅛	48	48⅛	47⅞
Stone Consold	18⅛	17⅞	18	18⅛
Talisman Eny	28¾	28¼	28⅜	28⅝
Teleglobe	18⅝	18¼	18¼	18¼
Telus	15⅞	15⅝	15⅞	15¼
Thomson	18⅝	18⅜	18¼	18⅜
TorDom Bank	24½	24	24⅛	24
Transalta	15	14⅝	14⅞	14⅞
TransCda Pipe	19	18⅝	18⅝	18⅞
Utd Dominion	29	28⅝	28⅞	28¾
Westburn	8⅝	8¼	8¼	8½
Westcoast Eny	20⅝	20⅜	20½	20½
Weston	49⅜	48⅞	48⅞	49¼

TSE Industrials Index: 4753.01
Previous: 4771.21

Vienna

	High	Low	Close	Prev.
Aust Airlines	1900	1900	1900	1870
Brau-Un Goess	501	495	495	500
Bund Vers Pfd	448	448	448	448
Creditanst PC	1578	1578	1575	1576
EA-Generali	3400	3380	3390	3365
EVN	1570	1488	1490	1482
Interunfall	1600	1600	1600	1550
Lenzing	861	859	859	860
Leykam	375	362	364	371
Mayr-Melnhof	591	577	580	580
OEMV	968	956	965	946
Oest Brau-Bet	480	475	475	476
Oest Elektriz	643	635	635	636
VA Tech	1383	1365	1370	1375
Wienerberger	2180	2130	2180	2095

ATX Index: 1031.06
Previous: 1022.77

Wellington

	High	Low	Close	Prev.
Air N Zealnd B	3.73	3.70	3.70	3.74
Brierly Invt	1.24	1.22	1.23	1.24
Carter Holt ord	3.08	3.03	3.03	3.07
Fernz	4.08	4.05	4.05	4.10
Fisher Paykel	4.52	4.50	4.50	4.50
Fletcher Chall	3.47	3.38	3.38	3.44
Fletcher For	2.12	2.10	2.10	2.11
Goodman Fder	1.51	1.50	1.50	1.50
Indep News	4.90	4.90	4.90	4.87
Lion Nathan	3.60	3.60	3.60	3.60
Nat Gas pole	1.96	1.95	1.95	1.96
NZ Refining	24.35	24.35	24.35	24.35
Telecom NZ	6.60	6.57	6.57	6.66
Trust Bk NZ	2.04	2.02	2.03	2.03
Wilson Horton	9.15	9.15	9.15	9.20

NZSE-40 Index: 2112.73
Previous: 2129.98

Zurich

	High	Low	Close	Prev.
Adia B	189	185	188	184
Alusuisse R	930	913	920	913
Ares-Serono B	815	810	810	810
Baer Hdg B	1290	1280	1290	1275
Baloise Hdg R	2455	2440	2450	2455
BBC B	1420	1393	1410	1381
Bk Vision	1600	1575	1595	1564
Bobst B	1920	1900	1910	1879
Ciba Geigy R	1023	1005	1005	1017
CS Holdings R	118.50	117.75	117.75	117.50
Elektrowatt B	435	430	430	430
Fischer B	1560	1520	1545	1530
Hilti PC	910	905	910	900
Holderbank B	889	872	872	886
Landis Gyr R	945	944	945	945
Merkur Hdg R	265	262	264	263
Motor Colbus	2225	2200	2230	2215
Nestle R	1276	1266	1267	1272
Oerlikon R	107	101.50	104	100.50
Pargesa Hld B	1510	1495	1510	1490
PharmaVisn B	6360	6260	6300	6250
Pirelli B	126	125.50	126	123
Roche Hdg PC	9110	9065	9075	9040
Safra Republic	N.T.	N.T.	N.T.	100
Sandoz R	1020	1007	1007	1015
SBC B	459	454	457	457
Schindler B	1210	1165	1205	1170
SGS B	2360	2325	2360	2340
SMH B	735	718	725	725
Sulzer R	738	722	730	710
Swiss Reins R	1278	1265	1271	1269
Swissair R	907	893	906	890
UBS B	1330	1311	1330	1306
Winterthur R	823	815	815	815
Zurich Assur R	341	337	337	336

SPI Index: 2139.84
Previous: 2138.14

EUROPE

Bank of Spain Trims Key Interest Rate

Compiled by Our Staff From Dispatches

MADRID — The Bank of Spain surprised investors Friday by cutting a key interest rate for the second time in less than a month amid slowing growth, falling inflation and a strong peseta.

The central bank shaved its repurchase rate for 10-day certificates of deposit by 0.25 percentage points, to 8.75 percent. The last cut was a quarter-point reduction on Dec. 22, which followed a half-point cut by the Bundesbank.

Major Spanish banks responded by cutting their prime lending rates to 9.75 percent from 10 percent.

The move helped bond prices rise, sending the yield on the 10-year government bond down to 9.48 percent Friday from 9.52 percent at the close Thursday. The Madrid stock index rose 2.31 points, to 326.06.

Investors were surprised by the move because no major economic reports have been released since rates were cut in December. Even so, some said rates still had room to fall.

"With growth moderating, indications that inflation is under control and the peseta being so strong, there is still margin for rates to fall further," said Ernesto Moreno, a fund manager for Gestinova.

Mr. Moreno said the central bank could lower the repurchase rate to 8.00 percent in the first half of the year. But he added that further cuts probably would not come until after the March 3 general elections.

The rate cut was aimed in part at stimulating economic growth. Spain's economy is now expected to expand by 3 percent in 1996, down from an annual rate of 3.2 percent in the second quarter of 1995, the latest quarter for which data are available.

Analysts said the Bank of Spain had been under pressure from both the government and industry to cut rates in light of the slowdown in growth and fears that the appreciation of the peseta would hurt exports.

After the rate cut, the government announced that consumer prices rose 0.3 percent in December to leave the annual inflation rate at the end of 1995 at 4.3 percent, down from 4.4 percent in November. Even though that rate is well above the 3.5 percent inflation target set by the government for 1995, analysts remain optimistic that the inflation rate is poised to fall.

The strong peseta should help limit inflation by keeping down the price of imports. It also gives the central bank more room to cut rates. The peseta has appreciated almost 4 percent against the Deutsche mark since the beginning of November. On Friday in Madrid, the mark slipped to 84.049 pesetas from 84.149 on Thursday.

Henrik Lumholdt, an economist with Bank of America, said the central bank would probably want to wait until at least a month after the elections before moving on rates again, and then by probably only another 0.25 percentage point.

Separately, shares in the Spanish oil and gas company Repsol SA slid 2 percent on Friday, to 3,990 pesetas ($33.03) after company executives told analysts that earnings from the chemical division would fall by more than half in 1996. The Spanish cabinet approved on Friday plans to sell an 11 percent stake in Repsol through a public share offering.

(Bloomberg, AFX)

London Exchange Moves On

Officials Unveil Options for Trading System

By Erik Ipsen.
International Herald Tribune

LONDON — The London Stock Exchange outlined its proposals for new automated trading systems Friday, just over a week after a battle over the shape and pace of those reforms led to the firing of the exchange's chief executive, Michael Lawrence.

In a move that officials insisted was unrelated to Mr. Lawrence's dismissal, the exchange outlined three options for the shape of the new trading system and sent questionnaires to all members, listed companies, regulators and large investors seeking their views.

After a week of turmoil capped by calls in the House of Commons for an investigation into Mr. Lawrence's forced exit and its impact on London as a financial center, exchange officials were eager to play down divisions within the ranks of its 350 member firms.

Giles Vardy, director of markets development and marketing at the exchange, said the proposed reforms "reflect what is going on in the marketplace rather than some radical revolution."

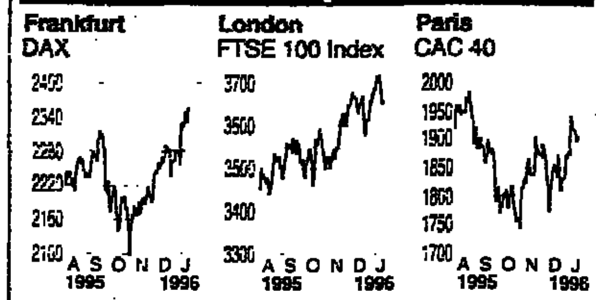
In the past two years, new trading systems with lower costs per trade have enabled some of London's rivals to regain trading volume long ago lost to Europe's financial capital.

The London exchange presented its members with three options Friday, ranging from a virtually total conversion to electronic trading to hybrid systems. Under the latter, the exchange's present system, in which designated market makers act as middlemen guaranteeing always to quote prices in the shares of given companies, would exist side by side with the electronic order-matching system.

It is the hybrid that has aroused the most intense opposition. Market makers fear that while they would still be obliged to take risks and to employ capital by quoting prices, much of the more profitable business would flow into the order-matching system.

Some financiers also faulted the exchange for its apparent haste. Under the present timetable, the exchange's 24-page outline of the options must be digested and questionnaires must be returned by Feb. 17. The exchange's board has allowed itself little more than a month to ponder the responses and announce its decision. It then plans to have the new system up and running on Aug. 27.

Investor's Europe



Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam	EOE	502.81	498.78	+0.81
Brussels	Stock Exchange	8,664.51	8,618.31	+0.54
Frankfurt	DAX	2,356.45	2,329.51	+1.16
Copenhagen	Stock Market	379.28	376.16	+0.83
Helsinki	HEX General	1,889.67	1,875.01	+0.88
Oslo	OBX	420.57	421.79	-0.29
London	FTSE 100	3,657.30	3,654.90	+0.07
Madrid	Stock Exchange	326.06	323.75	+0.71
Milan	MIBTEL	9,336.00	9,336.00	Unch.
Paris	CAC 40	1,907.59	1,897.85	+0.51
Stockholm	SX 16	1,813.33	1,800.95	+0.69
Vienna	ATX	1,031.06	1,022.77	+0.81
Zurich	SPI	2,139.84	2,130.16	+0.45

Source: Telekurs — International Herald Tribune

Forte Wields Taxes in Its Defense

Compiled by Our Staff From Dispatches

LONDON — Forte PLC warned Friday that a special dividend offered as part of Granada Group PLC's hostile bid for the British hotel company could involve negative tax consequences.

Adding to the acrimony in the takeover battle, Forte also vowed to raise the question with British tax authorities.

Granada rejected the warning, saying that it had fully considered all tax consequences of its £3.80 billion ($5.87 billion) bid and accusing Forte of "mischief-making."

The issue involves a special dividend of 47 pence per Forte share, to be paid if Granada's bid is successful. Granada proposed the dividend Tuesday, when it raised its bid for Forte.

A statement issued by Forte on Friday asserted that Granada's offer document stated that "no application has been or will be made by Granada to the Inland Revenue under Section 707 ICTA 1988 in respect of the special dividend."

Forte also said the offer stated that Forte shareholders "may" receive a tax credit. Forte said it had been advised by its tax lawyers that the special dividend plan had been structured in such a way that there was a substantial risk that Inland Revenue would seek to apply rules against tax avoidance.

A Granada spokesman replied:

"There is nothing in what Forte has said that Granada did not consider before making this offer. We've had first-class advice and this is sheer mischief-making."

(Reuters, AFX)

Very briefly:

• **Tomkins PLC** of Britain said "a couple of technical issues" delayed its final agreement to buy **Gates Rubber Co.**, a U.S. maker of automotive belts and hoses, for an undisclosed amount of stock and assuming $240 million of its debt. Analysts say the purchase would be worth at least $1 billion.

• **Rautaruukki Oy** of Finland has acquired 16.9 percent of **Metalplast**, a Polish building-materials company, for an undisclosed price. The Finnish steel company said the minority would strengthen its position on the growing Polish building-materials market.

• **Norsk Hydro A/S** of Norway completed a takeover of Nutrite, a Canadian fertilizer concern, by acquiring the 75 percent of outstanding shares it did not own for an undisclosed price.

• **Vebacom GmbH**, the telecommunications unit of VEBA AG and **Cable & Wireless PLC**, said its bid for a stake of almost 50 percent in **Deutsche Bahn AG** telecommunications unit DBkom GmbH had been rejected.

• **ING Group NV** said it had set up a 50-50 joint venture company with **Bank Slaski SA** of Poland that would offer a complete range of asset management services to institutional and private clients.

• **Anglo American Corp. of South Africa Ltd.** said it would investigate the possibility of leading a consortium of investors in the development of Konkola Deep Mine in Zambia.

• **Mo Och Domsjoe AB**, or MoDo, of Sweden said it cut the price of benchmark long fiber pulp to $875 per metric ton from $925, in line with the move last week by the market leader, **Weyerhauser Co.** of the United States.

• **Italy's** tax revenue rose an annual 9.5 percent in October, to 33.860 trillion lire ($21.6 billion) from 30.920 trillion in October 1994, the Finance Ministry said.

• **Western European passenger car registrations** fell 7.7 percent in December 1995 from the year-ago period, to 738,600 cars, the Association of European car manufacturers said.

Bloomberg, Knight-Ridder, Reuters, AFX, AFP

Volkswagen Leads Western Europe

Reuters

BONN — Volkswagen AG said Friday it had increased its share of the Western European auto market in 1995, giving it the largest market share there for the tenth year in a row.

Volkswagen said deliveries to customers in Western Europe rose 4.6 percent, to 2.14 million vehicles. That amounted to a 16.8 percent share of the Western European market, up from 15.8 percent a year ago.

Analysts attributed the gains to the success of recently released models, Volkswagen's strength in the German market and aggressive pricing.

But some said the company would have difficulty building on this year's success and that earnings would still be under pressure.

"VW's performance last year was exceptional," said Peter Schmidt of Automotive Industry Data. "Things are going to be harder for them this year."

■ Berlin Wants Bank to Buy Utility Stake

The state of Berlin wants Bank Gesellschaft Berlin AG to buy half of its 50 percent stake in the electricity utility Berliner Kraft- & Licht AG, or BEWAG, an official from the state's ruling coalition said Friday.

The bank, which is majority-owned by Berlin, will only be able to place the BEWAG shares with investors if certain conditions are met, said Rudolf Hartung, the Berlin leader of the Social Democratic Party. The conditions were not specified.

The Christian Democratic Union and the Social Democratic Party, which together rule Berlin, agreed on the sale in talks Friday, Mr. Hartung said.

Cerus Plans to Close Bank Unit

Compiled by Our Staff From Dispatches

PARIS — Cies. Européennes Réunies SA, or Cerus, said Friday it would close Duménil Leblé SA, the banking unit it acquired in 1989, at the end of the month, but that it would have limited effect on earnings.

The banking venture has accounted for 3 billion French francs ($609 million) of the 7 billion francs in losses that Cerus has posted since 1991, a spokesman said.

Duménil Leblé's closure is expected to raise Cerus's debt to 2 billion francs from 1 billion. But "Cerus's withdrawal from the banking sector will have only a limited impact on the year's results," the company said.

Cerus plans to post a profit for 1995 when it announces its results in March, the spokesman said. Cerus, one of the holding companies of Italian entrepreneur Carlo De Benedetti, recorded a net loss of 675 million francs in 1994.

In its first half, Cerus swung to a profit of 45 million francs, compared with a loss of 12 million francs a year earlier.

Duménil Leblé has been gradually winding down its banking operations since 1993.

(Bloomberg, AFP)

AMEX

Friday's 4 p.m. Close
The top 300 most-active shares, up to the closing on Wall Street.
The Associated Press

Stock	Sales	High	Low	Latest	Chge
AIM Str	208	8¾	8⅝	8¾	—
AMC	127	23⅛	22⅞	22⅞	—⅛
ARC	480	11¼	11⅛	11⅛	—⅛
ATT Fd	83	16⅞	16⅝	16⅞	+⅛
AckCom	83	17¾	17⅝	17¾	+⅛
AdvMed	85	2¾	2⅝	2¾	—
AdvPhot	1057	2⅜	2¼	2⅜	+⅛
AdvThr n	638	29¾	28⅞	29¾	+1¼
AirCure	111	3⅝	3⅝	3⅝	+⅛
AlertC wt	148	[illegible]	[illegible]	[illegible]	—
Allegen	363	12	11⅝	11¾	—⅛
AlldD wtA	130	⅜	⅜	⅜	+⅛
Allou H	94	6⅛	6	6⅛	+⅛
Alphaln	164	11⅛	10⅞	11	+⅛
AlpinGr	233	4⅜	4	4⅛	—
Amdhl	1514	8⅜	7⅞	7⅞	—⅜
AExpl s	142	11¾	11⅜	11⅝	—
AIM 85	102	14⅜	14⅛	14⅜	+⅛
Am List	199	29⅛	26⅞	28⅞	+2⅜
AScIE	108	8⅞	8	8⅝	+⅞
Ampal	841	5⅜	5⅛	5⅜	—
Aprogenx	105	1¹⁵⁄₁₆	1⅞	1⅞	—⅛
Atari	1636	3⅞	3½	3½	—
Atlantis	104	5½	5⅜	5½	—
Audvox	170	5¾	5⅝	5¾	+⅛
AurorEl	432	2¼	2⅛	2¼	—
Azco	361	9⅝	9⅜	9½	—
BAT Ind	410	17⅞	17¾	17⅞	—⅛
Balmy n	101	7⅝	7⅜	7⅝	—⅛
Bayou	214	4⅞	4⅝	4⅞	—⅛
BSN wt	90	2	1⅞	2	—
BSNk w97	90	8⅛	8	8⅛	—
BemaGold	1402	2⅝	2½	2⅝	—⅛
BenchE	248	27⅞	27	27	—
BentPh s	148	2⅛	2	2⅛	—⅛
Biovail	1241	84⅞	74¾	84¼	+10⅝
Biovail wt	135	28¼	25⅜	28	+3¼
BlondT n	112	9⅝	9⅜	9½	—
Bostold n	124	11⅞	11⅝	11⅝	—
Bowmr	100	2⅜	2⅜	2⅜	+⅛
Bowne	227	19⅞	18⅞	19⅞	+⅛
Buffton	206	2	1⅞	2	+⅛
CET ES n	472	10	9⅞	9⅞	—⅛
CFX Cp s	199	14⅝	14	14⅝	+⅜
CSTEnt	178	5⅝	5⅜	5⅜	+⅛
Cablvsn	898	55⅞	54⅞	55⅞	+⅛
Cablvs pf	1993	28¼	27⅝	27⅝	—½
Cabletel	130	38⅛	37⅞	38	—⅛
Calprop	150	¹⁵⁄₁₆	⅞	⅞	—⅛
Calton	560	⅞	⅞	⅞	—⅛
Cambior	310	12⅜	12⅛	12⅜	—⅛
Cambrx	174	38⅞	37⅞	37⅞	+⅛
CdnOc g	109	32⅜	32	32⅝	—1
CapRII	96	13⅛	12⅞	13	—
CastleAM	670	26⅞	26⅜	26⅞	+⅛
CentenT s	101	19	18⅞	18⅞	—⅛
CFCda g	1643	5⅛	4¹⁵⁄₁₆	5	—⅛
CentSe	101	21⅝	21⅛	21⅝	—⅛
ChadThr s	127	13⅞	13⅛	13⅞	—⅛
ChmpH	91	6⅛	6	6	—
ChySoft	4079	24⅝	23⅞	24	+⅛
Chief	80	18⅜	18⅛	18⅛	—⅛
Citizinc	80	9⅞	9⅛	9	—
Cognitrn	108	6⅜	6⅛	6¼	+⅛
ColData	1091	19⅞	18⅝	19	+⅛
ColLs	1101	7⅝	7⅛	7⅜	+⅛
ColuEng	103	5⅞	5⅝	5⅝	—⅛
CompTch	150	11	10⅞	10⅞	—⅛
CmCP B	108	15⅜	15	15	—
ecCrwnL	432	2	1⅞	2	—
CruisAm	146	5⅝	5½	5⅝	—
Cubic	134	24⅞	24⅜	24½	—⅛
Cycomm s	215	4⅛	4	4⅛	—
DakotaM	384	1⅜	1¼	1⅜	—
Datamet	408	8	7⅞	8	—
Dataram	107	6⅜	6⅛	6⅛	—⅛
Daxor	315	8⅞	8⅞	8⅞	—
DaytMn n	384	4⅛	4	4	—
DelElc	94	2⅝	2⅝	2⅝	—
DevnE	96	24⅝	24⅛	24⅝	—⅛
Diag A	77	8⅝	8⅜	8⅜	—⅛
Diag B	79	8⅝	8⅛	8⅝	+⅜
Digicon s	516	7⅛	7	7	—
DIMAC	671	27⅝	27⅛	27⅛	—⅛
Dimark s	153	14⅝	14⅜	14⅜	—⅛
DryMu	375	9¼	9⅛	9¼	+⅛
Duplex	835	8⅝	8⅛	8⅛	—⅛
EchoBay	9127	11⅝	11⅜	11½	—⅛
Edtek	701	2⅝	2⅜	2⅜	—⅛
EmerR	2432	2⅜	2⅛	2⅛	—⅛
EnzoBi	1602	21⅝	19⅞	19⅞	—1
Epitope	309	15⅛	14⅝	15	+⅛
EssxBc s	147	4	3⅞	4	+⅛
Fibrbd s	203	23⅞	22⅞	23⅛	+⅜
FlAust	440	8⅜	8⅛	8⅜	+⅛
FAusPr	1375	8⅞	8⅝	8⅝	—
ForstLb	2870	48⅛	47⅛	47⅝	—⅛
FortPet	836	4⅛	4	4⅛	+⅛
Fresenius	377	19⅝	19⅛	19⅛	—⅛
GST Tele	515	6⅝	6⅛	6⅛	—
GamaB	190	5⅛	4¹⁵⁄₁₆	5⅛	+⅛
GaylCn	2635	8⅛	7⅞	8	—⅛
GnAuto	432	1⅛	1	1⅛	+⅛
GiantFd	765	31½	31⅛	31⅜	+⅛
Glantl	719	16⅝	16⅜	16⅜	—⅛
GlblOcn	435	4⅛	3⅞	4	+⅛
Globlink	93	7	6⅞	6⅞	—⅛
GldStarR	121	7	6¹⁵⁄₁₆	6¹⁵⁄₁₆	—⅛
GldwSam	264	4⅞	4¹¹⁄₁₆	4¹³⁄₁₆	—
Grang g	185	2	1¹⁵⁄₁₆	2	—
GreyLne	1254	4⅛	4⅛	4⅛	+⅛
GrifGam	194	12⅜	11⅞	12	+⅛
GrSmec	643	6⅝	6⅜	6⅜	—⅛
GtlCda g	639	4½	4⅜	4⅜	—⅛
GtlCda pr	129	3⅞	3⅛	3⅝	—
ecHallmF	498	1⅜	1⅛	1⅛	—⅛
HalEP	125	4⅞	4⅝	4⅝	+⅛
Halsey	719	4⅛	3⅞	4⅛	+⅛
HangOr	105	3	2⅞	3	—
HarvDir	1129	1⅝	1½	1½	—⅛
Han wtB	8126	⅛	³⁄₃₂	⅛	—
Harken	616	1¹¹⁄₁₆	1⅝	1⅝	—⅛
Hasbro	2401	30⅝	30⅜	30½	—⅛
HowAir n	599	2⅜	2¼	2⅜	+⅛
HeistC	336	7⅜	7⅛	7⅜	+⅛
Hemlo g	778	11⅝	11½	11⅝	—
HrtgMd	387	27⅞	27⅜	27½	—⅛
Hondo	113	11	10⅞	11	—
HoopH	208	9	8⅞	9	+⅛
HovnEn	136	7⅜	7⅛	7⅛	—
IGI	199	6⅜	6⅛	6⅜	+⅛
Identix	309	11	10⅝	10⅞	+⅛
ImpCAl n	805	13½	13	13⅜	+⅛
ImpHly	236	6⅜	6	6⅛	—⅛
ImpOil g	167	36	35⅝	35⅝	—⅛
Incstar	79	5⅛	5	5	—⅛
Incyte	2111	28⅝	28½	28⅝	—⅛
Intelcm	1461	11⅝	11	11½	+½
IncOPd	78	1⅛	1⅛	1⅛	—
InterDig	1636	7⅝	7⅛	7⅜	—
ecInarine	118	20	19⅞	19⅞	—⅛
Intrmagn	450	[illegible]	[illegible]	[illegible]	—⅛
InFnDY wt	120	1⅛	1⅛	1⅛	+⅛
InFnYB wt	150	7⅛	7⅛	7⅛	+⅛
IntLotry	130	8⅜	8⅛	8⅜	+⅛
InSGC	100	3⅝	3⅝	3⅝	—

Stock	Sales	High	Low	Latest	Chge
InfPty g	238	30⅛	29⅝	30⅛	+⅛
ecIonLsr	369	5⅛	4⅞	4⅞	—⅛
IvaxCp	3622	27⅛	26⅝	27	+⅛
JanBell	391	2⅛	2⅛	2⅛	—⅛
Janetrl	157	12⅜	12⅛	12⅛	—⅛
Joule	83	5⅛	4⅞	5	+⅛
KV Ph B	95	13⅜	13⅛	13⅛	—⅛
KV Ph A	104	13⅛	12⅞	12⅞	—⅛
Keane	102	22	21⅜	21⅜	—⅛
Kinam	250	6⅛	5⅞	6⅛	+⅛
Kirby	146	16⅝	16⅛	16⅝	—
KogrEq	242	11⅛	11	11⅛	—
LXR Bio	98	1⅞	1¹³⁄₁₆	1⅞	+⅛
LaBarg	161	3⅝	3⅝	3⅝	—
Lancer s	238	14	14	14	—
Laser	187	9¼	9⅛	9⅛	—
LsrTech	140	4⅛	4	4⅛	+⅛
Lumex	178	11⅞	11⅞	11⅞	+⅛
MacNSc	193	15⅝	14⅞	15	+⅛
Magellan	330	22⅞	22⅜	22⅝	—
ecMagFet	98	3⅛	3	3	—
Maxam	214	36⅞	36⅜	36⅜	—⅛
MedcR	289	11⅞	11⅜	11⅜	—⅛
Medeva	702	17	16⅞	16⅞	—⅛
Media	100	31⅝	31	31⅝	—⅛
MediaLog	312	7⅛	6⅞	7⅛	+⅛
MedSol	194	10⅝	10	10⅝	+⅛
MercAir	131	8⅛	8	8⅛	+⅛
MerPhl	437	2	1⅞	2	—
MerPhl wt	626	1⅛	1	1	+⅛
MerF7 pf	131	4⅞	4¾	4¾	—
Metromda	486	13⅝	13⅛	13⅛	—⅛
Micrtel	195	1⅛	1	1⅛	+⅛
MidalRty	178	9⅝	9⅛	9⅝	+⅛
MoogA	162	17⅜	17⅛	17⅛	—⅛
MorgnF	719	9	8⅞	8⅞	—
MS IGT	161	13⅜	13⅛	13⅜	+⅛
MS TMX	180	38⅝	38	38	—⅝
MSHK wt97	160	5⅛	5	5⅛	+⅛
MSNik 97wt	341	8⅛	8	8⅛	—
MunIn	99	8⅜	8⅛	8⅜	+⅛
Munvst	427	7	7	7	—⅛
MyersInd	215	18⅝	18	18⅛	—⅛
NTN Com	784	4⅛	4	4⅛	+⅛
NVR	277	10⅛	9⅞	10⅛	—
Nabors	2509	10⅝	10⅜	10⅝	—
NY Tim	1834	29⅞	28	29⅞	+⅛
Nordic wt	140	3⅜	3⅛	3⅜	—
NA Vacc	254	12⅜	12⅛	12⅛	—⅛
Novavx n	726	3⅞	3⅛	3⅜	—
NGAPI	105	13⅞	13⅛	13⅝	—⅛
OOkiep	109	8⅝	8⅜	8⅝	+⅛
ecOmni n	373	10⅛	9⅛	9⅝	—⅛
ecOmni wt	1417	3⅛	3	3⅛	+⅛
Oncor	248	5⅜	5⅛	5⅜	+⅛
Oncormd	104	8⅛	7⅛	8⅛	+1
Orangn s	4900	21½	20⅞	20⅞	—⅛
OrioH B	392	6⅜	6⅛	6⅛	—
PC Quote	510	13⅝	13⅛	13⅛	—⅛
PGECap pf	132	25⅞	25⅝	25⅞	+⅛
PLC Sys	1239	19	18⅜	18⅞	+⅛
PLM	164	3⅛	3⅛	3⅛	—
PacGulf	78	16⅜	16⅛	16⅛	—
PageAm	411	⅛	⅛	⅛	—
PWHK 20wt	168	[illegible]	[illegible]	[illegible]	—
PWHK 30wt	494	[illegible]	[illegible]	[illegible]	—
PWDYn wt	95	4⅜	4⅛	4⅜	+⅛
PWUSD wt	485	[illegible]	[illegible]	[illegible]	—
PegGld	3424	15⅛	14⅞	14⅞	+⅛
Prodtel	656	3⅜	3⅛	3⅜	+⅛
PhrmRs s	342	19⅛	18⅞	19⅛	+⅛
Polymed	92	6⅛	6	6	+⅛
Polyph	432	4⅛	3⅞	4	+⅛
PortSys	309	3⅝	3⅜	3⅝	+⅛
ProdLg	957	12	11⅞	11⅞	—⅛
ProCm s	349	7⅞	7⅛	7⅛	—
Pricel	164	11⅝	11⅜	11⅜	—
PsycCp	643	5⅜	5⅛	5⅜	+⅛
RF Pow	402	5⅝	5⅛	5⅜	—
RX Med	310	⅞	⅞	⅞	—⅛
RegalBel	97	20⅛	19⅞	20⅛	—
Relv	111	2⅞	2¾	2⅞	—
Rsrtinco	124	21⅝	21⅛	21⅝	+⅛
Rogers s	115	8⅛	8	8⅛	+⅛
RoyalO g	13549	4⅛	4	4⅛	—⅛
SC Bnc	318	6⅛	6	6⅛	+⅛
SanGam	298	7⅛	7	7⅛	+⅛
Scheib	126	7	6⅞	7	—
SemiPck	381	8⅛	8	8⅛	+⅛
ShefldMd	533	4⅝	4	4⅝	+⅛
SenlTech	142	13⅝	13⅛	13⅝	—⅛
Simula s	228	5⅞	5⅝	5⅞	—⅛
ecSoligen	134	17⅛	17	17	—⅛
SpecChm	115	9	8⅞	9	—
SPDR	114	[illegible]	[illegible]	[illegible]	—
SP Mid n	3076	60⅜	59⅝	60⅛	+⅛
StarrCo	275	42⅛	41⅝	42⅛	+⅛
SterlHs n	303	10⅛	9⅞	10⅛	+⅛
StevnA	878	10½	10⅛	10½	+⅛
Struther	79	4⅛	4	4⅛	+⅛
Sumrind	485	1⅞	1¾	1⅞	+⅛
SwissH n	96	8⅝	8⅛	8⅝	+⅛
TabPrd	415	6⅛	6	6⅛	—
TelsPw	145	6⅛	6	6	—
TelDta	155	8⅛	8	8⅛	+⅛
TempGU	332	13⅝	13½	13½	+⅛
TexarkF n	100	13⅝	13⅝	13⅝	—
TexBiotch	408	2⅝	2½	2½	—⅛
TexMer	256	13	12⅞	12⅞	—⅛
Thermed	226	24	23⅜	23⅞	—
ThmoCrd	171	65⅝	64⅞	65	—⅛
ThmFib s	84	22⅛	22	22⅛	—⅛
Thrinst s	542	26⅞	25⅞	26⅛	—⅛
ThrSpec n	114	15	15	15	—
ThrVolt	167	17	16⅞	17	+⅛
Thmolse s	1377	22⅝	22⅛	22⅝	—⅛
Thrmotx	669	44⅝	43⅝	44	—
Thrmwd	190	2	1¹⁵⁄₁₆	2	+⅛
Tofutti	283	¹⁵⁄₁₆	⅞	⅞	—⅛
TopSrce	821	6⁹⁄₁₆	6⅜	6⅜	+⅛
TotlPet	236	9¹¹⁄₁₆	9⅝	9⅝	+⅛
TownCty	997	⅞	⅞	⅞	—⅛
TWA n	1558	10⅞	10⅝	10⅝	—⅛
Tri-Lite	189	⅞	⅞	⅞	+⅛
Triton	497	⅞	⅞	⅞	—⅛
TubMex	617	8⅛	7¹⁵⁄₁₆	8	—
TurnB A	183	25⅞	25⅜	25⅜	—⅛
TurnB B	1283	26	25⅝	25⅝	—⅛
US Alc	1167	2	1⅞	2	—
Unimar	126	4⅞	4¹³⁄₁₆	4⅞	—
US Biosci	4540	5⅛	5⅛	5⅛	+⅛
US Bio wt	83	1⅛	1⅛	1⅛	+⅛
US Cell	585	33⅝	33⅛	33⅛	—
Uranim s	172	10⅛	9⅞	9⅞	—⅛
VKAdM2	107	11⅝	11⅜	11⅜	—⅛
Viacom	1369	40⅛	38⅝	39⅛	—⅞
ViacB	29321	41	39⅝	39⅝	—1⅜
Viac wtC	3344	2	1⅞	1⅞	—⅛
Viac wtE	1047	4⅛	3⅞	4	—⅛
Vitronic	79	2⅛	2⅛	2⅛	—
VoyCO	163	12⅝	12⅜	12½	—
WRIT	407	15⅜	15⅛	15⅛	—
Weldtrn	100	1⅛	1⅛	1⅛	—
WendtBr	133	1⅛	1⅛	1⅛	—
WIRET	156	11	10⅞	10⅞	—⅛
WilshTc	124	⅞	⅞	⅞	—⅛
WirelesT	909	14⅛	13⅝	13⅞	—⅛
WisPhrm	111	3	2⅞	3	—
ecMirTch	178	3⅝	3½	3½	+⅛
XCL Ltd	1294	⅞	⅞	⅞	—
Xytron	129	1⅛	1½	1⅛	—⅛

U. S. STOCK MARKET DIARY

Indexes

Dow Jones

	Open	High	Low	Last	Chg.
Indus	5087.49	5090.02	5022.83	5061.12	—3.98
Trans	1917.61	1919.05	1898.12	1905.53	—5.86
Util	227.71	227.78	225.33	226.17	—0.49
Comp	1672.50	1673.23	1655.41	1662.91	—2.80

Standard & Poors

	Previous High	Low	Close	Today 4:00
Industrials	703.37	701.42	707.36	705.28
Transp.	472.68	468.40	472.62	472.13
Utilities	200.82	198.40	200.82	200.24
Finance	59.16	58.67	59.16	59.21
SP 500	602.71	597.54	602.69	601.83
SP 100	576.24	570.31	576.24	574.93

NYSE

	High	Low	Last	Chg.
Composite	324.13	320.92	322.95	—0.33
Industrials	406.72	402.29	404.58	—1.00
Transp.	298.74	295.85	297.48	+0.02
Utility	252.64	249.61	250.91	—1.02
Finance	267.69	264.90	267.43	+1.90

Nasdaq

	High	Low	Last	Chg.
Composite	1014.46	1002.55	1009.63	—1.47
Industrials	929.88	920.48	924.75	—0.95
Banks	998.94	994.98	998.36	+1.79
Insurance	1246.00	1240.45	1245.40	—1.70
Finance	1198.17	1191.09	1198.17	+4.09
Transp.	786.34	783.92	786.34	+2.59

AMEX

High	Low	Last	Chg.
537.89	533.06	534.65	—2.45

Dow Jones Bond

	Previous Close	Today Noon
20 Bonds	105.21	105.27
10 Utilities	101.89	102.01
10 Industrials	108.53	108.53

Most Actives

NYSE

	Vol.	High	Low	Last	Chg.
MicrnT s	105345	36½	32¾	32⅞	—3
Motorola	67505	50⅛	48⅝	48⅞	—⅜
TelMex	66907	34⅛	32⅝	32⅝	—2
NewmtM	59491	52⅝	50⅝	51⅝	—2
K mart	49308	8⅛	7	7	—⅞
RJR plC	36382	6⅞	6½	6⅝	+⅛
Citicorp	31991	63⅛	62	63	+½
WalMart	30582	23	22⅜	22⅝	—⅛
Loral s	27203	44⅛	43⅝	43⅞	—⅜
IBM	26609	87⅞	86⅜	86⅝	—⅞
AT&T	26169	66	64⅜	65⅝	+½
NewbNk	25330	47⅛	43⅝	46⅜	+2⅝
FordM	25209	28⅛	27⅜	27⅝	—⅛
ChileTel	25042	83⅛	82⅛	82⅞	+⅛
Texinst s	24546	47⅜	45⅜	45⅝	—2

Nasdaq

	Vol.	High	Low	Last	Chg.
Netmng s	116479	12	10	10⅝	—3¹⁵⁄₁₆
BayNtwk s	99332	41⅛	38⅞	39⅝	—1¼
Intel s	87642	57⅛	55⅛	56⅝	—⅝
DellCpt s	83358	30⅞	28⅞	28⅞	—4⅜
Cisco	77705	72⅝	68⅞	70⅜	—⅝
Sybase	60609	31⅜	28	28⅝	—3⅛
SunMic s	56930	42⅝	39⅝	40⅞	—2¼
Microsoft	50358	86⅝	83⅞	85⅝	—⅞
3Com s	47884	42⅝	40⅞	41⅛	—⅞
TelCmA s	46624	21⅝	21⅛	21⅜	—
Oracle s	45169	42⅝	41⅜	42⅛	—⅛
DSC	36181	30⅛	27⅞	27⁹⁄₁₆	—1¹¹⁄₁₆
AppleC	35873	34⅞	33⅛	33⅝	—1⅛
MCI	34472	27⅛	26⅛	26⅜	+⅛
AnldMat s	33343	36⅞	35	35⅛	—⅞

AMEX

	Vol.	High	Low	Last	Chg.
ViacB	29321	41	39⅝	39⅝	—1⅜
RoyalO g	13549	4⅛	4⅛	4⅛	—⅛
EchoBay	9127	11⅝	11⅜	11½	—⅛
Han wtB	8126	⅛	³⁄₃₂	⅛	
Orangn s	4900	21½	20⅞	20⅞	—⅛
US Biosci	4540	5⅛	5⅛	5⅛	+⅛
ChySoft	4079	24⅝	23⅞	24	+⅛
SPDR	3776	60⅜	59⁹⁄₁₆	60⁷⁄₁₆	+⅛
IvaxCp	3622	27⅛	26⅝	27	+⅛
PegGld	3424	15⅛	14⅞	14⅞	+⅛

Trading Activity

NYSE

	Close	Prev.
Advanced	1097	1428
Declined	1206	908
Unchanged	777	752
Total issues	3084	3088
New Highs	70	48
New Lows	22	19

Nasdaq

	Noon	Prev. Close
Advanced	1308	2101
Declined	1707	1450
Unchanged	2310	1776
Total issues	5325	5327
New Highs	50	81
New Lows	39	68

AMEX

	Close	Prev.
Advanced	246	311
Declined	273	259
Unchanged	213	184
Total issues	732	754
New Highs	22	11
New Lows	6	10

Market Sales

	Today 4:00	Prev. cons.
NYSE	379.64	490.72
Amex	16.86	22.74
Nasdaq	443.05	513.20

In millions.

Dividends

Company	Per	Amt	Rec	Pay
IRREGULAR				
MuniVest PA Insd	-	.0602	1-19	1-30
Peoples SvgsBrock	-	.05	1-31	2-14
STOCK SPLIT				
HFS Inc 2 for 1 split.				
Keystone HeritageGp 4 for 3 split.				
LSB Bncshrs NC 5 for 4 split.				
INCREASED				
Electro Sensorsinc	b	.03	1-26	2-14
Flowers Indus	Q	.145	1-26	2-9
Mid Amer Apt	Q	.51	1-24	1-31
Sturm Ruger	Q	.40	3-1	3-15
b: company was paying .10 annually, now it plans to pay .03 on a quarterly basis.				
INITIAL				
Keystone HeritGp n	-	.20	1-31	2-9
SPECIAL				
Aluminum Co Amer	-	.1075	2-2	2-25

Company	Per	Amt	Rec	Pay
Gulf CdaRes adjpfI	-	.01	2-29	3-12
REGULAR				
Aluminum Co Amer	Q	.225	2-2	2-25
Amer List	Q	.25	1-31	2-6
BHA Group A	Q	.03	1-22	2-2
Cape Cod BkTr	Q	.34	1-24	1-31
Crescent RE Equit	Q	.55	1-19	2-6
Dun & Bradstreet	Q	.66	2-20	3-8
Fst Sthrn Bcshrs	-	.125	1-21	1-31
German Amer Bcp	Q	.20	1-20	1-31
Idaho Power	Q	.465	1-25	2-20
LFS Bancorp	Q	.05	2-15	3-1
LeaRonal Inc	Q	.155	1-26	2-16
Mellon Bank Cp	Q	.55	1-31	2-15
Parker & Parsley	S	.05	1-31	3-15
Reader Digest A B	Q	.45	1-23	2-1
Santa FePacPipe	Q	.75	1-31	2-14
Seligman QualMua	M	.0782	1-18	1-26
Seligman Sel Mun	M	.07	1-18	1-26

a-annual; g-payable in Canadian funds; m-monthly; q-quarterly; s-semi-annual

Stock Tables Explained

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the years high-low range and dividend are shown for the new stocks only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a - dividend also extra (s).
b - annual rate of dividend plus stock dividend.
c - liquidating dividend.
cld - called.
d - new yearly low.
e - dividend declared or paid in preceding 12 months.
g - dividend in Canadian funds, subject to 15% non-residence tax.
i - dividend declared after split-up or stock dividend.
j - dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.
k - dividend declared or paid this year, an accumulative issue with dividends in arrears.
n - new issue in the past 52 weeks. The high-low range begins with the start of trading.
nd - next day delivery.
P/E - price-earnings ratio.
r - dividend declared or paid in preceding 12 months, plus stock dividend.
s - stock split. Dividend begins with date of split.
sls - sales.
t - dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.
u - new yearly high.
v - trading halted.
vi - in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.
wd - when distributed.
wi - when issued/
ww - with warrants.
x - ex-dividend or ex-rights.
xdis - ex-distribution.
xw - without warrants.
y - ex-dividend and sales in full.
yld - yield.
z - sales in full.

INTERNATIONAL FUTURES

Jan. 12, 1996

Grains

	High	Low	Close	Chge	OpInt
CORN (CBOT) 5,000 bu minimum- dollars per bushel					
Mar 96	3.63	3.57¾	3.62¼	+0.05¼	48,353
May 96	3.66½	3.61¼	3.66¼	+0.05	99,796
Jul 96	3.62¼	3.58	3.62	-0.03¼	85,163
Sep 96	3.09½	3.06	3.09	+0.03¾	21,747
Dec 96	2.91¼	2.87½	2.91	+0.03¼	47,880
Est. sales N.A. Thu's. sales 109,995					
Thu's open int 506,891 off 5070					
SOYBEAN MEAL (CBOT) 100 tons- dollars per ton					
Jan 96	234.00	231.80	233.30	+0.90	2,335
Mar 96	237.40	234.50	236.50	+1.10	55,599
May 96	238.20	235.80	237.70	+1.30	15,182
Jul 96	237.80	235.50	237.40	-1.30	14,452
Aug 96	235.30	234.00	235.00	+1.40	2,517
Sep 96	229.00	228.00	228.80	+1.80	1,866
Est. sales N.A. Thu's. sales 28,282					
Thu's open int 96,611 off 1690					
SOYBEAN OIL (CBOT) 60,000 lbs- dollars per 100 lbs.					
Jan 96	24.21	23.92	24.21	+0.33	1,282
Mar 96	24.50	24.16	24.48	-0.29	44,686
May 96	24.85	24.59	24.83	-0.25	15,926
Jul 96	25.19	24.98	25.16	-0.24	12,962
Aug 96	25.35	25.13	25.24	+0.17	3,354
Sep 96	25.59	25.30	25.40	+0.20	1,547
Est. sales N.A. Thu's. sales 18,971					
Thu's open int 86,798 up 778					
SOYBEANS (CBOT) 5,000 bu minimum- dollars per bushel					
Jan 96	7.33½	7.25¼	7.33	+0.07¼	4,181
Mar 96	7.42½	7.33½	7.41¼	+0.07½	100,583
May 96	7.47	7.38¾	7.46	+0.07¼	26,753
Jul 96	7.48	7.40½	7.47	+0.06½	30,431
Aug 96	7.44	7.36½	7.43¾	+0.09¼	2,611
Est. sales N.A. Thu's. sales 72,804					
Thu's open int 199,365 off 3316					
WHEAT (CBOT) 5,000 bu minimum- dollars per bushel					
Mar 96	4.99½	4.88½	4.98½	+0.09½	51,504
May 96	4.70	4.61	4.69½	+0.08¼	9,767
Jul 96	4.30	4.22½	4.28¾	+0.05¼	30,475
Sep 96	4.31	4.24½	4.30¼	+0.05½	5,846
Est. sales N.A. Thu's. sales 21,316					
Thu's open int 100,878 up 179					

Livestock

	High	Low	Close	Chge	OpInt
CATTLE (CMER) 40,000 lbs.- cents per lb.					
Feb 96	65.95	65.37	65.77	+0.15	27,377
Apr 96	66.45	65.90	66.30	+0.08	18,936
Jun 96	62.47	62.07	62.32		11,791
Aug 96	61.55	61.20	61.35		4,938
Oct 96	62.85	62.42	62.65	—0.05	4,393
Dec 96	63.10	62.67	62.87	—0.08	2,646
Est. sales 9,322 Thu's. sales 14,973					
Thu's open int 70,245 off 749					
FEEDER CATTLE (CMER) 50,000 lbs.- cents per lb.					
Jan 96	60.15	59.37	59.87	—0.88	1,845
Mar 96	58.90	58.00	58.17	—0.48	7,094
Apr 96	59.00	58.20	58.45	—0.27	2,594
May 96	59.20	58.47	58.50	—0.42	2,760
Aug 96	60.55	59.95	60.00	—0.45	2,961
Sep 96	60.65	59.97	60.00	—0.42	295
Est. sales 2,880 Thu's. sales 1,805					
Thu's open int 18,047 off 247					
HOGS (CMER) 40,000 lbs.- cents per lb.					
Feb 96	46.20	45.55	45.67	—0.45	10,957
Apr 96	46.40	45.67	45.90	—0.37	9,062
Jun 96	52.07	51.55	51.62	—0.25	6,048
Jul 96	51.80	51.52	51.56	—0.02	3,006
Aug 96	50.80	50.37	50.45	—0.20	3,061
Oct 96	46.75	46.45	46.57	—0.08	1,309
Est. sales 4,668 Thu's. sales 6,343					
Thu's open int 34,438 up 357					
PORK BELLIES (CMER) 40,000 lbs.- cents per lb.					
Feb 96	56.10	53.62	53.62	—2.00	4,193
Mar 96	56.40	54.20	54.22	—1.93	1,218
May 96	57.60	55.00	55.00	—1.70	803
Jul 96	57.80	55.95	56.17	—1.53	692
Aug 96	54.95	53.65	54.10	—1.52	191
Est. sales 2,187 Thu's. sales 1,678					
Thu's open int 7,097 off 71					

Food

	High	Low	Close	Chge	OpInt
COCOA (NCSE) 10 metric tons- $ per ton					
Mar 96	1268	1253	1256	+6	37,444
May 96	1290	1276	1280	+6	18,659
Jul 96	1311	1299	1303	+7	7,539
Sep 96	1329	1322	1322	+4	9,643
Dec 96	1363	1355	1357	+6	8,410
Est. sales 7,032 Thu's. sales 5,473					
Thu's open int 88,640 up 944					
COFFEE C (NCSE) 37,500 lbs.- cents per lb.					
Mar 96	103.85	100.80	102.70	—0.35	17,462
May 96	103.25	100.60	102.45	—0.10	6,719
Jul 96	103.25	100.80	102.35	—0.10	1,937
Sep 96	102.75	101.00	102.00	+0.50	1,506
Est. sales 7,911 Thu's. sales 12,762					
Thu's open int 28,599 off 494					
SUGAR-WORLD 11 (NCSE) 112,000 lbs.- cents per lb.					
Mar 96	11.80	11.55	11.79	+0.06	88,893
May 96	11.36	11.20	11.34	—0.01	27,282
Jul 96	10.58	10.44	10.57	+0.02	18,217
Oct 96	10.30	10.18	10.28	+0.03	19,874
Est. sales 18,150 Thu's. sales 20,710					
Thu's open int 168,469 off 2146					

	High	Low	Close	Chge	OpInt
ORANGE JUICE (NCTN) 15,000 lbs.- cents per lb.					
Jan 96	124.25	124.25	124.25	+0.35	
Mar 96	118.25	116.80	117.85	+0.65	16,216
May 96	120.60	119.25	120.10	+0.45	2,643
Jul 96	122.75	122.00	122.00	—0.35	978
Est. sales N.A. Thu's. sales 3,193					
Thu's open int 22,733 up 95					

Metals

	High	Low	Close	Chge	OpInt
GOLD (NCMX) 100 troy oz.- dollars per troy oz.					
Jan 96			396.23	—2.60	
Feb 96	400.90	396.25	396.70	—2.60	103,776
Mar 96	401.80	401.80	397.50	—2.60	9
Apr 96	402.70	398.20	398.30	—2.90	24,054
Jun 96	404.80	400.00	400.10	—3.00	28,904
Aug 96	405.20	401.60	401.80	—3.10	6,849
Oct 96			403.40	—3.10	
Dec 96	409.00	405.00	405.00	—3.20	13,051
Est. sales N.A. Thu's. sales 47,669					
Thu's open int 214,194 up 3540					
HI GRADE COPPER (NCMX) 25,000 lbs.- cents per lb.					
Jan 96	118.00	114.40	114.90	—4.00	2,347
Mar 96	115.95	112.50	112.70	—2.65	26,644
Apr 96	114.00	112.50	112.10	—2.25	803
May 96	112.70	110.95	110.90	—2.35	4,546
Jul 96	111.80	110.30	109.20	—2.45	2,648
Aug 96	111.50	111.50	109.35	—2.45	415
Sep 96	112.80	109.20	108.80	—2.45	2,331
Oct 96	110.80	110.40	108.30	—2.45	
Nov 96	110.20	110.20	107.80	—2.45	223
Est. sales N.A. Thu's. sales 4,935					
Thu's open int 46,273 up 312					
SILVER (NCMX) 5,000 troy oz.- cents per troy oz.					
Jan 96			543.0	—5.8	15
Feb 96			545.6	—5.9	
Mar 96	558.5	546.5	547.0	—6.0	62,821
May 96	563.0	550.5	552.0	—6.0	10,784
Jul 96	568.5	556.5	556.6	—6.0	7,792
Sep 96	571.2	568.0	561.0	—6.0	8,872
Dec 96	577.0	565.0	567.5	—6.0	5,511
Jan 97			570.6	—6.0	
Est. sales N.A. Thu's. sales 20,264					
Thu's open int 99,247 off 923					
PLATINUM (NMER) 50 troy oz.- dollars per troy oz.					
Jan 96			415.40	—1.30	28
Apr 96	420.90	416.50	417.90	—1.30	18,832
Jul 96	422.00	419.50	419.40	—1.30	2,450
Oct 96	424.00	423.00	421.10	—1.30	1,361
Jan 97			422.70	—1.30	
Est. sales N.A. Thu's. sales 2,276					
Thu's open int 22,725 off 443					

LONDON METALS (LME) Dollars per metric ton	Close		Previous	
Aluminum (High Grade)				
Spot	1615.00	1617.00	1632.00	1634.00
Forward	1608.00	1609.00	1631.00	1632.00
Copper Cathodes (High Grade)				
Spot	2567.00	2572.00	2620.00	2625.00
Forward	2507.00	2508.00	2542.00	2543.00
Lead				
Spot	692.00	693.00	699.00	699½
Forward	685.00	686.00	691.00	691½
Nickel				
Spot	7580.00	7590.00	7670.00	7680.00
Forward	7670.00	7680.00	7770.00	7780.00
Tin				
Spot	6260.00	6270.00	6350.00	6360.00
Forward	6290.00	6295.00	6368.00	6370.00
Zinc (Special High Grade)				
Spot	1010½	1011½	1020.00	1021.00
Forward	1033.00	1035.00	1042.00	1043.00

Financial

	High	Low	Close	Chge	OpInt
US T. BILLS (CMER) $1 million- pts of 100 pct.					
Mar 96	95.14	95.13	95.10	-0.01	7,555
Jun 96	95.39	95.35	95.39	+0.05	5,524
Sep 96	95.47	95.44	95.44	+0.04	214
Est. sales N.A. Thu's. sales 653					
Thu's open int 13,293 up 231					
5 YR. TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct					
Mar 96	110-07	109-28	109-31	+ 03	140,548
Jun 96	109-29	109-715	109-225	+ 035	12,781
Sep 96	109-27	109-205	109-21	+ 035	3,768
Est. sales 44,500 Thu's. sales 41,422					
Thu's open int 157,097 off 2815					
10 YR. TREASURY (CBOT) $100,000 prin- pts & 32nds of 100 pct					
Mar 96	113-31	113-13	113-19	+ 04	215,299
Jun 96	113-10	112-30	113-01	+ 04	22,214
Sep 96			113-02	+ 04	3,037
Est. sales 75,000 Thu's. sales 79,407					
Thu's open int 240,552 off 2477					
US TREASURY BONDS (CBOT) (8 pct-$100,000-pts & 32nds of 100 pct)					
Mar 96	119-15	118-18	118-31		361,211
Jun 96	119-01	118-05	118-18		18,434
Sep 96	118-17	117-26	118-02		5,485
Dec 96			117-18		1,330
Est. sales 300,000 Thu's. sales 367,301					
Thu's open int 387,732 off 8002					
LONG GILT (LIFFE) £50,000 - pts & 32nds of 100 pct					
Mar96	110-30	110-14	110-17	+ 0-08	133,694
Jun96	110-10	110-05	109-29	+ 0-07	381
Est. sales: 55,315. Prev. sales: 69,275					
Prev. open int.: 134,075 off 457					
GERMAN GOVERNMENT BUND (LIFFE) DM250,000 - pts of 100 pct					
Mar96	100.34	100.17	100.25	+ 0.23	217,554
Jun96	99.64	99.52	99.57	+ 0.23	4,219
Est. sales: 124,997. Prev. sales: 166,571					
Prev. open int.: 221,773 up 2,070					
10-YEAR FRENCH GOV. BONDS (MATIF) FF500,000 - pts of 100 pct					
Mar 96	121.54	121.28	121.46	+ 0.48	
Jun 96	121.92	121.78	121.50	+ 0.46	
Sep 96	120.80	120.68	120.80	+ 0.46	
Est. volume: 135,581. Open int.: 130,260.					
ITALIAN GOVERNMENT BOND (LIFFE) ITL 200 million - pts of 100 pct					
Mar96	110.06	109.67	109.87	+ 0.07	60,548
Jun96	109.58	109.45	109.52	+ 0.11	1,721
Est. sales: 30,862. Prev. sales: 52,864					
Prev. open int.: 62,269 up 1,839					
EURODOLLARS (CMER) $1 million-pts of 100 pct.					
Jan 96	94.430	94.400	94.420	-10	25,377
Feb 96	94.570	94.540	94.550	+10	15,306
Mar 96	94.670	94.630	94.640	-10	425,020
Jun 96	94.970	94.910	94.960	+60	413,122
Sep 96	95.060	94.990	95.040	-70	264,283
Dec 96	94.980	94.910	94.950	+60	240,035
Mar 97	94.930	94.850	94.900	+60	165,715
Jun 97	94.820	94.720	94.790	+60	151,994
Est. sales N.A. Thu's. sales 330,614					
Thu's open int 2,455,804 off 13429					
BRITISH POUND (CMER) 62,500 pounds, $ per pound					
Mar 96	1.5484	1.5376	1.5442	+10	36,599
Jun 96	1.5450	1.5380	1.5408	+10	123
Sep 96			1.5372	+14	5
Dec 96			1.5334	+20	14
Est. sales N.A. Thu's. sales 5,260					
Thu's open int 36,741 off 158					
CANADIAN DOLLAR (CMER) 100,000 dollars, $ per Cdn. dlr					
Mar 96	.7347	.7329	.7339	+12	23,387
Jun 96	.7342	.7332	.7336	+14	2,089
Sep 96			.7328	+16	619
Dec 96			.7318	+17	769
Est. sales N.A. Thu's. sales 4,209					
Thu's open int 26,957 off 311					
GERMAN MARK (CMER) 125,000 marks, $ per mark					
Mar 96	.6978	.6935	.6957	—5	57,358
Jun 96	.7009	.6972	.6989	—5	3,084
Sep 96	.7035	.7020	.7020	—5	1,348
Dec 96	.7060	.7043	.7051	—5	47
Est. sales N.A. Thu's. sales 19,524					
Thu's open int 61,837 up 1025					
JAPANESE YEN (CMER) 12.5 million yen, $ per 100 yen					
Mar 96	.009634	.009558	.009592	—39	77,423
Jun 96	.009738	.009680	.009708	—40	3,108
Sep 96			.009817	—42	477
Est. sales N.A. Thu's. sales 15,008					
Thu's open int 81,181 up 1905					
SWISS FRANC (CMER) 125,000 francs, $ per franc					
Mar 96	.8692	.8632	.8667	-1	40,055
Jun 96	.8768	.8716	.8745	-1	833
Sep 96	.8845	.8795	.8820	-1	88
Est. sales N.A. Thu's. sales 12,862					
Thu's open int 41,345 up 907					
3-MONTH STERLING (LIFFE) £500,000 - pts of 100 pct					
Mar96	93.73	93.71	93.72	+ 0.03	89,871
Jun96	93.93	93.87	93.90	+ 0.05	63,738
Sep96	93.93	93.85	93.90	+ 0.08	53,118
Dec96	93.78	93.70	93.75	+ 0.10	41,103
Mar97	93.57	93.49	93.53	+ 0.10	29,458
Jun97	93.37	93.25	93.31	+ 0.10	27,550
Sep97	93.15	93.10	93.12	+ 0.08	19,116
Dec97	92.97	92.92	92.94	+ 0.07	13,221
Mar98	92.83	92.77	92.79	+ 0.05	6,908
Jun98	92.69	92.67	92.66	+ 0.06	4,715
Sep98	92.57	92.54	92.53	+ 0.05	3,249
Dec98	92.43	92.42	92.41	+ 0.05	2,416
Est. sales: 69,595. Prev. sales: 75,535					
Prev. open int.: 354,463 up 5,997					
3-MONTH EUROMARK (LIFFE) DM1 million - pts of 100 pct					
Mar96	96.53	96.52	96.52	+ 0.02	188,485
Jun96	96.74	96.70	96.71	+ 0.02	145,919
Sep96	96.75	96.71	96.73	+ 0.03	124,699
Dec96	96.64	96.61	96.62	+ 0.04	128,325
Mar97	96.46	96.43	96.44	+ 0.04	121,112
Jun97	96.22	96.19	96.20	+ 0.05	104,273
Sep97	95.96	95.93	95.94	+ 0.06	69,158
Dec97	95.64	95.60	95.62	+ 0.06	46,792
Mar98	95.34	95.31	95.32	+ 0.06	28,847
Jun98	95.04	95.01	95.02	+ 0.06	25,662
Sep98	94.75	94.72	94.74	+ 0.07	16,497
Dec98	94.45	94.42	94.43	+ 0.06	5,681
Est. sales: 111,352. Prev. sales: 123,867					
Prev. open int.: 1,005,450 up 5,270					
3-MONTH PIBOR (MATIF) FF5 million - pts of 100 pct					
Mar 96	95.17	95.06	95.14	+ 0.13	
Jun 96	95.43	95.35	95.41	+ 0.09	
Sep 96	95.50	95.43	95.48	+ 0.07	
Dec 96	95.43	95.34	95.42	+ 0.09	
Mar 97	95.26	95.18	95.26	+ 0.11	
Jun 97	95.03	94.96	95.03	+ 0.10	
Sep 97	94.78	94.71	94.78	+ 0.10	
Dec 97	94.51	94.47	94.51	+ 0.09	
Est. volume: 59,343. Open int.: 184,589.					
3-MONTH EUROLIRA (LIFFE) ITL 1 million - pts of 100 pct					
Mar96	90.18	90.11	90.15	+ 0.01	45,594
Jun96	90.65	90.55	90.60	+ 0.07	25,945
Sep96	90.90	90.83	90.85	+ 0.03	15,077
Dec96	90.97	90.88	90.92	+ 0.04	8,468
Mar97	90.92	90.86	90.92	+ 0.07	3,992
Jun97	90.88	90.81	90.89	+ 0.08	1,308
Est. sales: 12,668. Prev. sales: 16,413					
Prev. open int.: 100,374 up 83					

Industrials

	High	Low	Close	Chge	OpInt
COTTON 2 (NCTN) 50,000 lbs.- cents per lb.					
Mar 96	83.15	82.30	82.65	+0.18	22,197
May 96	82.35	81.60	81.85	+0.17	11,544
Jul 96	81.60	81.01	81.20	+0.05	7,479
Oct 96	78.75	78.30	78.35	—0.05	
Dec 96	77.00	76.50	76.50		10,956
Mar 97			77.50		970
Est. sales N.A. Thu's. sales 6,086					
Thu's open int 56,652 up 170					
HEATING OIL (NMER) 42,000 gal- cents per gal					
Feb 96	56.50	53.25	53.50	—2.66	44,393
Mar 96	54.30	51.60	52.00	—1.89	26,871
Apr 96	50.15	49.25	49.40	—1.34	10,209
May 96	48.40	47.50	47.90	—0.94	7,451
Jun 96	47.60	46.90	47.00	—0.89	9,206
Jul 96	47.50	46.90	47.10	—0.59	5,364
Aug 96	47.90	47.40	47.55	—0.54	3,510
Sep 96	48.50	48.15	48.15	—0.64	1,944
Oct 96	49.25	48.90	48.90	—0.59	1,559
Nov 96	49.80	49.60	49.75	—0.39	
Est. sales 62,338 Thu's. sales 82,069					
Thu's open int 116,883 off 4547					
LIGHT SWEET CRUDE (NMER) 1,000 bbl.- dollars per bbl					
Feb 96	18.92	18.08	18.15	—0.64	66,997
Mar 96	18.51	17.75	17.90	—0.49	59,124
Apr 96	18.18	17.60	17.66	—0.39	35,154
May 96	17.75	17.42	17.55	—0.25	25,639
Jun 96	17.69	17.25	17.40	—0.22	39,616
Jul 96	17.42	17.25	17.31	—0.16	25,224
Aug 96	17.33	17.08	17.14	—0.21	11,264
Sep 96	17.22	17.10	17.14	—0.13	10,565
Oct 96	17.12	17.05	17.12	—0.07	11,207
Nov 96	17.05	16.99	17.05	—0.06	8,280
Dec 96	17.10	16.94	17.01	—0.04	29,592
Jan 97	16.99	16.93	16.99	—0.03	9,819
Feb 97	17.02	17.02	17.02	+0.03	
Est. sales 165,433 Thu's. sales 147,699					
Thu's open int 388,108 off 5004					
NATURAL GAS (NMER) 10,000 mm btu's, $ per mm btu					
Feb 96	2.490	2.210	2.317	—173	35,293
Mar 96	2.265	2.215	2.215	—150	24,608
Apr 96	1.970	1.850	1.934	—63	15,677
May 96	1.881	1.780	1.834	—46	13,370
Jun 96	1.830	1.730	1.799	—28	10,978
Jul 96	1.805	1.750	1.774	—23	8,345
Aug 96	1.800	1.750	1.774	—23	7,880
Sep 96	1.803	1.750	1.779	—23	
Oct 96	1.850	1.820	1.834	—23	6,080
Nov 96	1.955	1.950	1.944	—28	4,316
Dec 96	2.060	2.040	2.034	—28	7,965
Est. sales 40,934 Thu's. sales 52,680					
Thu's open int 164,249 off 1971					
UNLEADED GASOLINE (NMER) 42,000 gal- cents per gal					
Feb 96	55.00	52.50	53.00	—1.44	24,638
Mar 96	54.10	51.95	52.40	—1.49	17,529
Apr 96	55.60	54.55	55.00	—1.10	7,562
May 96	55.40	54.20	54.60	—1.05	6,113
Jun 96	55.00	53.80	54.50	—0.45	2,984
Jul 96	54.50	53.20	53.90	—0.30	2,997
Est. sales 33,113 Thu's. sales 46,871					
Thu's open int 63,964 off 437					
GASOIL (IPE) U.S. dollars per metric ton - lots of 100 tons					
Feb 96	162.25	154.25	156.50	— 7.25	33,579
Mar 96	157.50	152.00	152.50	— 7.25	11,329
Apr 96	153.00	149.25	149.75	— 5.75	5,944
May 96	150.25	147.25	148.25	— 5.25	2,424
Jun 96	148.50	146.50	147.25	— 4.00	6,155
July 96	148.25	147.25	147.50	— 3.25	4,347
Aug 96	149.25	148.50	148.50	— 3.25	1,581
Sep 96	151.25	151.25	149.50	— 3.75	484
Oct 96	152.75	152.75	152.00	— 3.25	451
Est. sales: 34,281. Open int.: 56,332 off 17,828					
BRENT OIL (IPE) U.S. dollars per barrel - lots of 1,000 barrels					
Feb 96	17.88	17.26	17.41	—0.48	31,225
Mar 96	17.34	16.77	16.91	—0.50	63,422
Apr 96	16.96	16.43	16.55	—0.37	18,713
May 96	16.65	16.24	16.30	—0.35	15,060
June 96	16.41	16.10	16.12	—0.30	14,941
July 96	16.23	16.00	15.98	—0.28	6,378
Aug 96	16.12	15.93	15.89	—0.25	4,386
Sep 96	16.05	15.85	15.82	—0.24	1,742
Oct 96	16.00	15.85	15.76	—0.23	1,162
Nov 96	15.94	15.80	15.71	—0.22	939
Dec 96	15.91	15.77	15.67	—0.21	3,753
Jan 97	15.86	15.71	15.64	—0.20	3,707
Est. sales: 71,819. Open int.: 165,429					

Stock Indexes

	High	Low	Close	Chge	OpInt
S&P COMP. INDEX (CMER) 500 x index					
Mar 96	607.75	599.50	605.05	—0.60	199,328
Jun 96	613.10	605.50	610.60	—0.55	6,440
Sep 96	617.05	610.30	614.80	—0.85	2,981
Dec 96	621.30	614.50	617.10	—2.80	71
Est. sales N.A. Thu's. sales 92,699					
Thu's open int 208,820 up 258					
FTSE 100 (LIFFE) £25 per index point					
Mar96	3693.0	3669.0	3671.0	+ 4.0	63,232
Jun96	3697.0	3679.0	3673.0	+ 4.0	1,120
Est. sales: 6,833. Prev. sales: 16,136					
Prev. open int.: 64,352 off 219					
CAC 40 (MATIF) FF200 per index point					
Jan 96	1923.00	1911.00	1912.00	+ 7.00	
Feb 96	1927.50	1919.50	1919.00	+ 6.50	
Mar 96	1937.00	1926.50	1926.50	+ 6.50	
Jun 96	N.T.	N.T.	1905.00	+ 6.50	
Sep 96	N.T.	N.T.	1916.00	+ 6.50	
Est. volume: 15,102. Open int.: 57,969.					

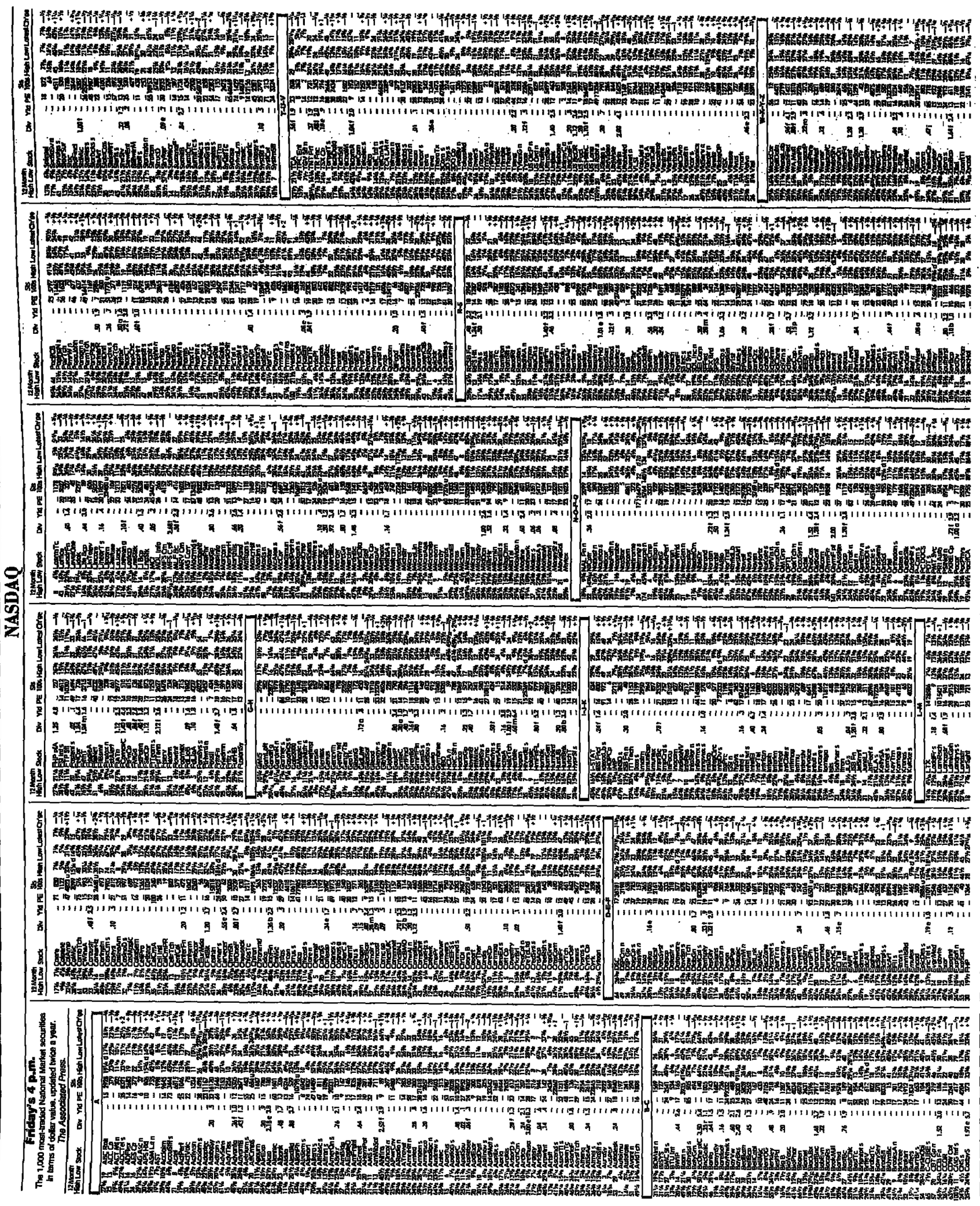
Commodity Indexes

	Close	Previous
Moody's	1,438.90	1,438.00
Reuters	2,102.90	2,094.90
D.J. Futures	N.A.	146.47
CRB	241.84	242.90

See our Arts and Antiques every Saturday

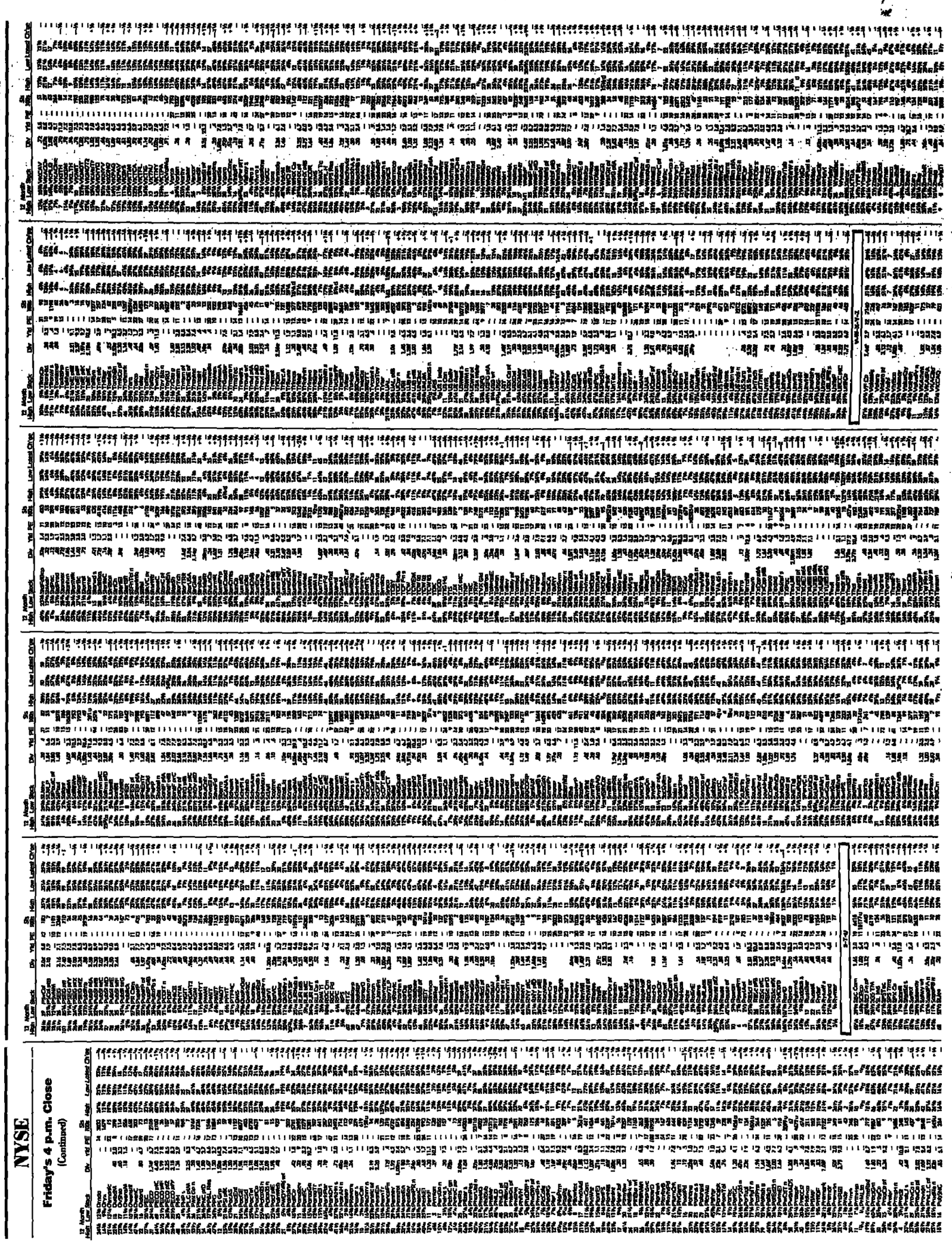
NASDAQ

Friday's 4 p.m.
The 1,000 most-traded National Market securities in terms of dollar value, updated twice a year.
The Associated Press.



NYSE

Friday's 4 p.m. Close
(Continued)



ASIA/PACIFIC

Taiwan Overturns Stock-Tax Changes, Easing Market Fears

Compiled by Our Staff From Dispatches

TAIPEI — Taiwan's Parliament on Friday overturned two bills that would have imposed a tax on capital gains on income from stocks, easing worries about an exodus of institutional funds from the nation's stock exchange.

The Parliament also voted to leave the country's current stock transaction tax unchanged at 0.3 percent.

"This is just great news for the stock market," said Leo Sun, who manages the Jardine Fleming Taiwan Investment Fund.

Taiwan's main stock index rose 0.41 percent Friday, to 4,962.80, on expectations for Parliament to reject the new taxes.

Members of the majority Nationalist Party said the vote meant that Parliament would not change the taxes for at least a year.

But Leo Lin, assistant research manager at Great Wall Securities, warned that the capital gains tax could be open for discussion again in the next legislative session, which begins in early February.

Concerns that the government would impose a new tax have hung over the Taiwan Stock Exchange since opposition legislators, acting while the chamber was nearly empty on Jan. 4, voted to impose a 14 percent capital gains tax. Parliament can halt action on bills already passed if more than 30 members request it.

The main index fell 6.7 percent the following day, the exchange's worst one-day fall since 1990.

"It is our belief that this will be the least likely to affect the economy," said Yao Eng-chi, a senior Nationalist Party member and executive director of the party's Policy Coordination Committee.

"Our logic was to keep it all stable," Mr. Yao said.

Friday's defeat of that bill and the rejection of an alternative measure followed a pledge by senior Nationalist Party legislators to use parliamentary procedures to block implementation of any new stock taxes.

The taxes "would affect the internationalization of our country," said Liao Fuw-peen, a senior Nationalist Party official.

Financial industry executives agreed the proposed taxes would have dampened institutional investment, particularly by foreigners.

"Although people didn't expect it to pass, today's action still eases some worries," said Jonathan Liu, manager of the One Hundred Fund at China Securities Investment Trust Corp., one of Taiwan's largest mutual fund management companies.

Many expected the Nationalist Party to block the bills because they did not want to adopt unpopular policies before of the country's first direct presidential elections, which are scheduled for March 23.

Opposition party members were openly critical of the ruling party's actions.

"This is a joke," said Wang Chien-shien, a member of the New Party.

He complained that the Nationalist Party wasted Parliament's time by allowing debate on the changes to continue, only to change it all back in the end.

In voting not to change the taxes, the Nationalist Party ignored a cabinet-backed proposal for a limited capital gains tax — a move some opposition members derided.

"This means a vote of non-confidence for the cabinet," said Chou Po-lun, an official of the opposition Democratic Progressive Party, which called for the resignation of the cabinet.

The vote also means that Parliament has nullified all other outstanding proposals for capital gains taxes or changes to the stock transaction tax.

Despite the Nationalist Party's promise not to change the taxes for at least a year, it is uncertain whether that promise can be kept because the party's legislative majority will shrink in the next session of Parliament.

"Whether the Nationalists can make the result stick for a year is uncertain," Mr. Liu said. "The important thing to watch will be the opposition's resolve."

When Taiwan last imposed a capital gains tax in 1988, thousands of investors took to the streets and the main index lost 40 percent in 19 sessions, according to Ben Chen, chief of the Taipei office of Barclays de Zoete Wedd, a British investment house.

The tax was scrapped the following year because of public opposition and implementation problems.

Nonetheless, brokers said Friday that the overturning of the capital gains tax would enable the market to return to fundamentals. They also said they expected good volume to help the stock index post gains in the coming week.

(Bloomberg, Knight-Ridder)

Retailer Spins Out On Orchard Road

Compiled by Our Staff From Dispatches

SINGAPORE — Galeries Lafayette's decision to pull out of Singapore is testimony to the city-state's tough retail market, which is struggling with a glut of stores, high rents and other woes.

The French retailer will close its flagship store here on March 31 and lay off 100 employees. Christophe Cann, the store's general manager, blamed a steep rent increase for the decision to close the 48,000-square-foot (4,320-square-meter) store on Orchard Road, Singapore's premier shopping area. Another smaller store will be shut later.

"We have no choice when the market is tough and the lease becomes too heavy a burden compared to our sales," he said.

Galeries Lafayette SA opened its first store in Singapore in 1982 and closed it in 1986 after losing about 15 million Singapore dollars ($10.55 million). The company returned for second try in 1987.

Despite Singapore's strong economic growth, retailing has been in the doldrums for more than two years, and Yeo Cheow Tong, the trade and industry minister, warned months ago that a shakeout was inevitable.

"While Singapore had for many years been the region's shopping paradise, our neighbors have now caught up with us," he said, citing big new retail centers in Kuala Lumpur, Jakarta and Bangkok.

Visitor arrivals to Singapore increased by more than 6 percent a year over the past six years, but the amount spent by each tourist on shopping dropped by 8.6 percent annually, he said.

While high rents push up prices, a strong currency crimps spending by visitors. The Singapore dollar has risen more than 10 percent since the beginning of 1994.

Orchard Road, a favorite of tourists, offers an international smorgasbord: Galeries Lafayette, Marks & Spencer from Britain, Isetan and Takashimaya from Japan and Toys 'R' Us from the United States. One real estate broker estimates that 40 department stores and shopping centers compete in a 2-kilometer (1.25-mile) stretch.

Elsewhere in the seemingly saturated market are Kmart, Sogo of Japan and Lane Crawford from Hong Kong, which downsized from five floors to two last year.

(AP, Bloomberg)

Fast Times for Vietnam Air

Reuters

HANOI — Vietnam Airlines said Friday it had quadrupled its annual passenger load since 1991 and expected to double it again by the end of the century.

The country's flag carrier flew a total of 2.29 million passengers last year, compared with fewer than half a million in 1991, a Vietnam Airlines executive said.

The airline projected annual passenger growth of between 35 percent and 40 percent for the next five years, for a passenger load of 5.36 million by 2000, he said.

The executive attributed the growth to the vigorous economic expansion across Southeast Asia and to Hanoi's open-door policy on air links since it started economic reforms in the late 1980s. Twenty-two foreign airlines currently operate flights into Vietnam.

He said despite Vietnam's per-capita income of around $200, making it one of the world's poorest countries, the airline saw opportunity in Vietnam's rapidly expanding economy and in its antiquated road and rail infrastructures.

"Domestic demand for air transport is going to grow faster and faster," he said, noting that the carrier expected its domestic passenger load almost to triple, to 3.53 million passengers, over five years.

He said air cargo business also had grown quickly, with 33,000 tons of freight carried last year, more than five times the 1991 volume. The airline said it hoped to carry 71,500 tons of freight by 2000, more than 60 percent of it within the country.

To meet demand, Vietnam Airlines plans to renew its fleet of 27 aircraft, many of which are earlier-generation Russian-made Tupolevs, Yakovlevs and Ilyushins.

The airline plans to lease 10 new Airbus A320s from Region Air of Singapore this year, up from seven A320s currently leased from Air France. Vietnam Airlines also plans to lease, starting from this month, three Boeing 767s from General Electric Capital Aviation Services.

Shanghai Saw Growth Surge in '95

Agence France-Presse

SHANGHAI — Shanghai's gross domestic product grew 14.1 percent last year from 1994, to 246.2 billion yuan ($29.70 billion), exceeding targeted growth by 2 percentage points, the official Xinhua news agency reported Friday.

It was the fourth straight year that this eastern metropolis and economic powerhouse recorded an economic growth rate exceeding 14 percent. In 1994, GDP grew 14.3 percent.

Zhu Shengliang, vice director of Shanghai Institute of Economic Development, said the growth rate was "normal and acceptable under the condition of the tight economic control last year."

China has set out controls to prevent the economy from overheating, but Shanghai received preferential treatment because of the government's aim of turning it into a financial center, economists said.

Mr. Zhu said the huge amount of foreign investment Shanghai had attracted in recent years also contributed to the robust growth rate.

"I forecast the GDP growth rate will be higher than 14.1 percent this year because the tight economic control might be eased to help state enterprises, especially the big- and medium-scale enterprises, overcome their troubles," he said.

Shanghai's six pillar industries are telecommunications, automobile, power, petrochemicals, iron and steel and household appliances.

The reduction on import tariffs by 35 percent from April this year is expected to activate foreign trade, lower production costs and make Shanghai more competitive, Mr. Zhu said.

■ Chinese Exports Slump

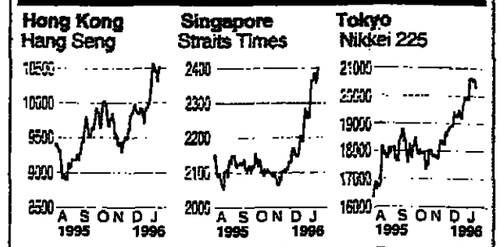
China's exports slumped in December, leaving a trade deficit for the first time in 19 months, according to Customs Administration figures reported by Bloomberg Business News from Beijing.

China exported goods worth $17.25 billion last month, down 6.8 percent from December 1994. Imports grew 3.1 percent, to $18.47 billion, leaving China its first deficit since May 1994.

"This is a big surprise," said Joan Zheng, a Hong Kong-based economist with J.P. Morgan & Co.. "This confirms earlier indications that exporting companies were reluctant to expand exports last year."

Analysts said weak exports also could help slow the country's economic growth, which was about 10.2 percent last year.

Investor's Asia



Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong	Hang Seng	10,540.00	10,429.82	+1.06
Singapore	Straits Times	2,402.02	2,369.49	+1.37
Sydney	All Ordinaries	2,239.40	2,248.70	-0.41
Tokyo	Nikkei 225	20,287.42	20,377.92	-0.44
Kuala Lumpur	Composite	1,061.77	1,046.79	+1.43
Bangkok	SET	1,375.91	1,369.66	+0.46
Seoul	Composite Index	878.64	883.98	-0.60
Taipei	Stock Market Index	4,962.80	4,942.62	+0.41
Manila	PSE	2,747.26	2,684.73	+3.10
Jakarta	Composite Index	550.99	533.78	+3.22
Wellington	NZSE-40	2,112.73	2,129.90	-0.81
Bombay	Sensitive Index	3,010.21	3,021.99	-0.39

Source: Telekurs International Herald Tribune

Very briefly:

- **Asia Airfreight Terminal Co.**, a group led by **Singapore Airport Terminal Service** and **Changi International Airport Services**, won a contract for 800 million Hong Kong dollars ($103.5 million) to build and operate an air cargo terminal at Hong Kong's new Chep Lap Kok airport.
- **China** plans to launch a domestically made telecommunications satellite in the first quarter to replace one launched in 1994 that failed to go into orbit, the Xinhua news agency said.
- **China's** first privately owned commercial bank, Minsheng (People's Livelihood) Bank Corp., opened its first branch and headquarters in Beijing.
- **Tokyo** condominium prices fell 5.9 percent in 1995, the fifth consecutive yearly drop, to an average of 41.5 million yen ($396,000), the Real Estate Economy Research Institute said. Developers put a record 84,885 condominiums up for sale in greater Tokyo last year, up 6.2 percent.
- **Arnotts Ltd.'s** sales and operating income will drop in the six months to Dec. 31. The Australian food company said in August it hoped to increase sales by 10 percent during the current financial year, which ends June 30.
- **Hong Kong** may eliminate taxes on foreign airlines operating in the colony, as well as the system of double taxation for local airlines. Analysts said the change could add millions of dollars to local airlines' earnings.
- **The State Bank of India** introduced a financing plan to help automobile-parts manufacturers meet international standards.
- **AIG-Asian Infrastructure Fund** will work with **China International Trust and Investment Corp.** (CITIC) to finance electric power and telecommunications projects in China. The $1 billion fund is run by **Singapore Investment Corp.** and **American International Group**, the U.S. life insurer.
- **The Tokyo Stock Exchange** will form links with the **China Securities Regulatory Commission** and the **Kuala Lumpur Stock Exchange** to attract listings from Asian companies.
- **Thailand's** major banks may cut retail deposit rates soon because heavy foreign fund inflows have dragged money market rates down more than half a percentage point in the past few weeks.

AFX, Bloomberg, Knight-Ridder, Reuters

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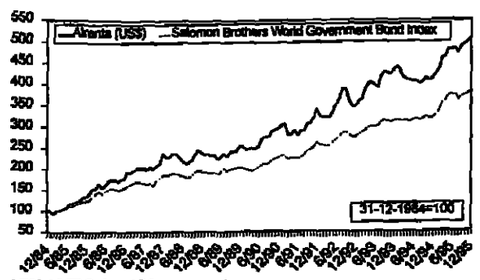

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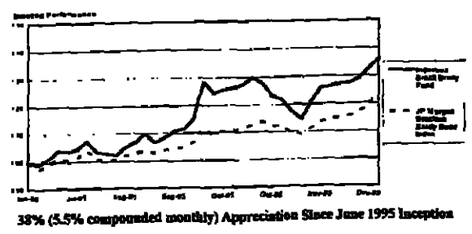

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Indosuez Asset Management Latin America manages over US$1.3 billion in assets. Indosuez's commitment to Brazil consists of 30 professionals and a local broker/dealer. As part of the Soez Group, Indosuez Asset Management manages over US$100 billion in specialized funds that invest in debt, equity and specific regions. For more information, please call.

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Carlos Augusto Lopes	Maria Helena Valio	Heather Meade
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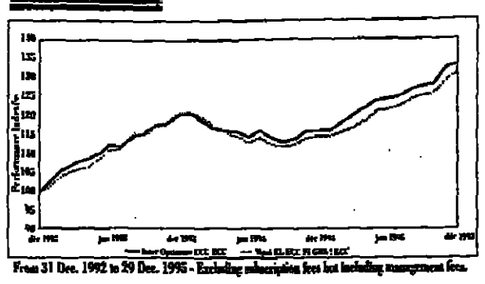
2

BNP Inter Optimum ECU



From 31 Dec. 1992 to 29 Dec. 1995 - Excluding subscription fees but including management fees.

This sub-fund, launched by BNP in April 1992 is part of the Luxembourg bond fund Inter Optimum. Through its 7 different sub-funds this fund gives access to the main world bond markets (USD, DEM, FRF, BEF) and 2 international funds (Multicurrencies and Interbond).

According to the investment objective, the assets in Inter Optimum ECU are made up mainly of ECU issues but also fixed rate bonds issued in the currencies making up the ECU. This sub-fund capitalises its earnings and does not distribute a dividend.

At the moment, this sub-fund's portfolio is exclusively made up of Ecu bonds.

We feel this market is particularly attractive due to the launch of the Euro which will replace the Ecu and will probably put an end to speculation concerning the future of the European currency. Furthermore, France and the UK, by far the largest bond issuers in ECU both guaranteed that all debt already issued in Ecu would be *reimbursed in Euro.*

This market has been almost dormant for two years with only an extremely limited number of issues and transactions but now seems to be picking up and is benefiting from regular sovereign issues.

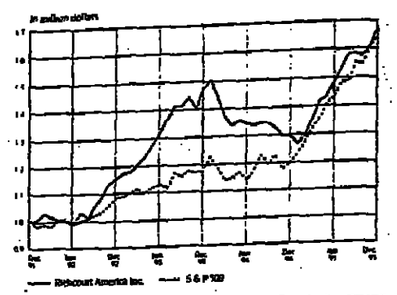
We forecast a continued easing in European Central Bank monetary policies due to the slow-down in activity which should be strong in the next few months. An easing in short term rates would be positive for most European bond markets which could also benefit from a stabilising or even a slight rise in the dollar against most European currencies. For these reasons, we remain confident and have lengthened the maturity *of our investments to reach a sensitivity of 4 for our whole portfolio, close to that of* the index which covers all government issues in Ecu (4.60).

The value of Inter Optimum Ecu rose by 14.84% in 1995.

3

RICHCOURT

RICHCOURT AMERICA INC.
Value of $ 1 million invested since January 1st. 1992



RICHCOURT AMERICA INC. is the largest component of the Richcourt Managed Account Program. The program, with assets over USD 130 million, is a multi-manager vehicle designed to give access to some of the best money managers in the world. The other funds of the program are Richcourt Futures Inc. and Richcourt 5 Strategies Inc. Since its inception on January 1, 1992, Richcourt America Inc. has achieved a total return of 68.2%. This return was realized thanks to the careful selection and monitoring of the best Money Managers located throughout the world. Richcourt America Inc. is well diversified spreading its investments among global macro managers, global stock pickers US long/short equity managers and distressed securities specialists. For hedging purposes, 15% of the assets are allocated to professionals investing in derivatives instruments.

The Fund is quoted in US dollars and opens for subscription and redemption at the end of each month.

Further information can be obtained from the Administrator:

CITCO FUND SERVICES (EUROPE) B.V.
Tel: (31-20) 575 9611 Fax: (31-20) 675 0881

4

CREDIT LYONNAIS ROUSE

In February 1996 the Credit Lyonnais Rouse group will launch The Longbow Fund. This a market independent fund of funds designed to extract value through specific specialist investment techniques including:

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* Distressed Debt Trading	* Convertible Arbitrage
* Value Driven Equity Selection	* Merger Arbitrage
* Risk Arbitrage	* Algorithmic Trading

Its objective is to provide investors with a low volatility investment whose performance will be largely non-correlated with traditional assets. In addition, the Fund will provide a highly diversified investment strategy and give smaller investors access to the skills of specialist managers.

For further information please contact Nicola Minford:

Credit Lyonnais Rouse Ltd
Broadwalk House
5 Appold Street
London
EC2A 2DA
Telephone: (44) 171 214 6424
Fax: (44) 171 638 0373

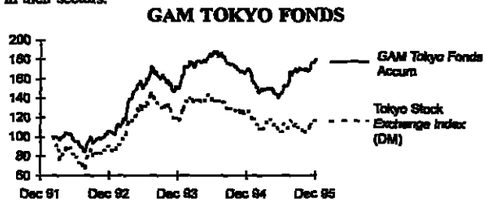
Credit Lyonnais Rouse Limited is regulated by the SFA.

5

GLOBAL ASSET MANAGEMENT

GAM Global Asset Management manages over $7.3 billion from nine offices worldwide. As well as discretionary investment management for private clients and institutions, we offer a selection of funds in different currencies and jurisdictions, many of which are among the top performers in their sectors.

GAM TOKYO FONDS



Compound annual growth to 2nd January 1996

For further information please contact:
GAM Fund Managers (Isle of Man) Limited
11 Athol Street, Douglas, Isle of Man IM99 1HH, British Isles
Tel: 44 1624 632 632 Fax: 44 1624 632 813 or GAM on the Internet: info@gam.com

Fund and index performance is calculated from the fund's inception on 4 March, 1992. (Source: GAM)

Units or shares in the fund(s) described are not available for sale in any jurisdiction in which such sale would be prohibited. This document is not an invitation to subscribe for units or shares in the fund described herein and is by way of information only. Subscriptions will only be received and units or shares issued on the basis of the current prospectus for the fund. Past performance is not a guarantee of future performance. The price of units or shares can go down as well as up and may be affected by changes in rates of exchange. An investor may not get back the amount invested. Every effort has been made to ensure the accuracy of the financial information herein but it is based on unaudited figures. UCITS funds are not available to residents of the Republic of Ireland. Issued by GAM Fund Management Limited, 4th Floor, 65 -66 Lower Mount Street, Dublin 2, Ireland. Tel: 353 1 6760 630 Fax: 353 1 6613 459.

GAM

6

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OVER ONE YEAR*

Guinness Flight's ASEAN Fund offers investors:
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- Guinness Flight's proven expertise in Far Eastern equity investment management.
- Top ASEAN fund over one year, 2nd over two years*.

For further information, please contact our Investor Services Department in Guernsey on

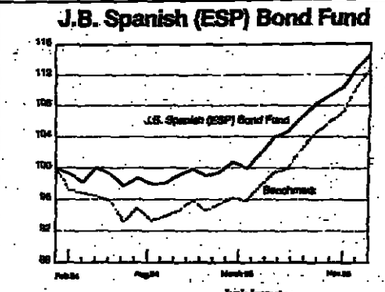
01481 712176

*Source: Micropal, offer to offer, gross income reinvested in US $ to 1.1.96. 1/10 year over year; 2/5 over two years. Past performance is not necessarily a guide to the future. Fluctuations in the value of the underlying securities and the income arising from them may fall as well as rise and is not guaranteed. Due to the nature of the stockmarkets in which the fund invests, a very substantial growth of above average volatility. Issued by Guernsey Flight Global Asset Management Limited, regulated by IMRO and the Financial Investment Authority.

ZZ37-05

7

J.B. Spanish (ESP) Bond Fund



At the moment Spanish bonds are very attractive due to:
- a high rate of interest, declining rate of inflation;
- prospects of a narrowing of the interest rate spread and a decline in the rate of inflation vis - à - vis Germany;
- tight fiscal policy with positive effects on the national budget and the balance of payments.

J.B. Spanish (ESP) Bond Fund invests exclusively in Spanish bonds and is one of the equity and bond funds offered by Jysk Invest.

Jysk Invest
- is a mutual fund group which is fully owned by its investors;
- was established in 1968 at the initiative of Jyske Bank, with whom Jysk Invest cooperates closely;
- offers a wide range of investment possibilities designed to meet our investors' different requirements about object, risk and time horizon.

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Private Banking (International)
Vesterbrogade 9, DK-1780 Copenhagen V
Tel.: +45 33 78 78 01, Fax: +45 33 78 78 11.

JYSK INVEST
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Jysk Invest is supervised by the Danish Financial Supervisory Authority. This is to ensure that the rules are complied in accordance with the funds' Articles of Association and the relevant Danish statutory provisions, which have been adopted to the EU Directive concerning undertakings for collective investment in transferable securities.

8

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Traditional Value Investment to create strong performance

The fund invests with legendary disciples of Dr Benjamin Graham, the guru of Value Investing.

Public launch - 1 May, 1995	$100.00
Current NAV - 31 December	$140.94
Growth (eight months)	40.94%

Momentum ValueMaster Fund is Bermuda registered.

MOMENTUM
ASSET MANAGEMENT

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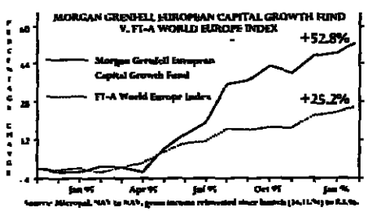
9

Morgan Grenfell European Capital Growth Fund.

Outstanding Performance.



Source: Micropal, NAV to NAV, gross income reinvested since launch (24/11/94) to 8.1.96.

Investors in the Morgan Grenfell European Capital Growth Fund have been rewarded with top quartile, index-beating performance since its launch on 14th November 1994.

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Please remember that past performance is not necessarily a guide to future returns. The prices of shares and the income from them may fall as well as rise. Investors may not get back their original investment. Changes in exchange rates may also affect the value of your investment. It should be noted that all or most of the protections provided by the UK regulatory system will not apply. In addition, the Investors Compensation Scheme may not apply. Issued by Morgan Grenfell Investment Funds Ltd, 20 Finsbury Circus, London EC2M 7UT Regulated by the Financial Investment Authority

10

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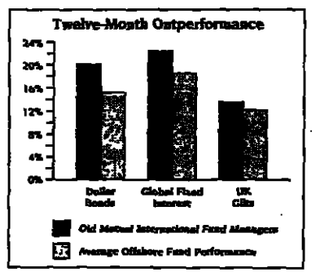
Old Mutual International can also offer a wide range of offshore equity and managed funds. All with the security associated with a long heritage: founded in 1845, Old Mutual now manages over $40 billion of client assets.

Twelve-Month Outperformance



Twelve-month Sterling NAV performance of the Old Mutual International Fund Managers US Dollar Bond Fund, Global Fixed Interest Fund, UK Gilt Trust and appropriate sector performances over the period ending 1st December 1995.

Source: HSBC Skitts Ptnr.

OLD MUTUAL INTERNATIONAL

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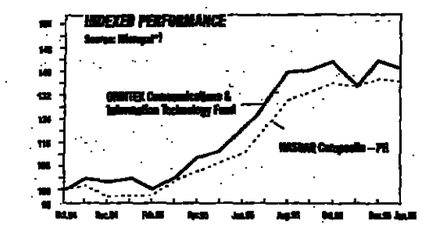
11

ORBITEX

ORBITEX Communications & Information Technology Fund



Progress creates dynamic growth
ORBITEX invites you to participate in the growth opportunities provided by the *ongoing prolonged and unstoppable* expansion of global technology.

Best recommendation: Success
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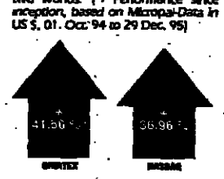
Risk Free: 5%	NASDAQ Composite (PR - US $)	ORBITEX Com. & Inf. (US $)
Sharpe Ratio	3.7855	2.0759
Alpha	0.0000	1.1918
Beta	1.0000	1.3641
RSquared	1.0000	0.6643
Correlation (R)	*1.0000*	*0.8150*

*Source Micropal (01. Oct. 1994 to 29. Dec. 1995)



Why to invest now?
At no other time in the past 20 years have there been so many opportunities as there are this time, i.e. Windows 95, video conferencing, voice recognition, ATM and PCs services etc. These upcoming themes will be the driving force in the technology stock market over the foreseeable future.

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12

Perpetual THE FUND RANGE

Fund	Launch Date	% Change Since Launch	% Change 5 Years	Fund Research Ratings†
International Growth	25.1.83	+525.9	+85.6	AAA
Emerging Companies	8.4.85	+627.4	+165.0	AAA
Global Bond	7.12.92	+17.0	–	–
American Growth	21.4.84	+959.0	+191.2	AAA
Latin American Growth	31.1.85	-6.3	–	–
Far Eastern Growth	8.11.86	+402.3	+140.1	AAA
Japanese Growth	30.11.91	+36.3	–	AAA
Asian Smaller Markets	8.3.93	+72.4	–	AAA
UK Growth	24.10.87	+275.6	+136.8	AAA
European Growth	8.11.86	+162.8	+73.9	–

GENERAL INFORMATION ON PERPETUAL UNIT TRUST MANAGEMENT (JERSEY) LIMITED
- Offers 10 offshore Funds investing worldwide (Minimum investment: US$2,000)
- Since launch, 8 Funds have achieved top quartile performance
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All statistics are to 1st January 1996, on an offer-to-offer, US Dollar basis including reinvested income, net of withholding taxes (source: Micropal).
† *Fund Research Ltd is a leading independent qualitative research company. The top Fund Research rating available is AAA.*

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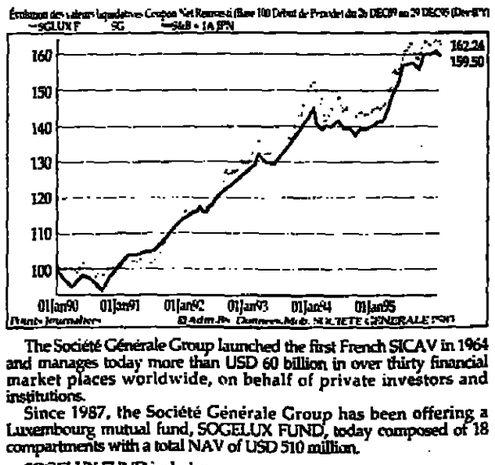
13

SOGELUX FUND F
Yen Bonds



The Société Générale Group launched the first French SICAV in 1964 and manages today more than USD 60 billion in over thirty financial market places worldwide, on behalf of private investors and institutions.

Since 1987, the Société Générale Group has been offering a Luxembourg mutual fund, SOGELUX FUND, today composed of 18 compartments with a total NAV of USD 510 million.

SOGELUX FUND includes:
- 9 bond compartments specialized in countries or geographic areas (USA, Japan, Europe, Germany, France, UK, Belgium, Spain and Italy) and denominated in the matching currencies,
- 1 diversified world bond compartment denominated in USD,
- 5 equity compartments specialized in North America, Europe, Pacific rim, Growth countries and sectors, mining and gold instruments,
- 1 diversified world equity compartment denominated in USD,
- 2 short term compartments denominated in French Franc and in ECU..

Sogelux F is a Japanese bond fund which invests in high grade securities.

14

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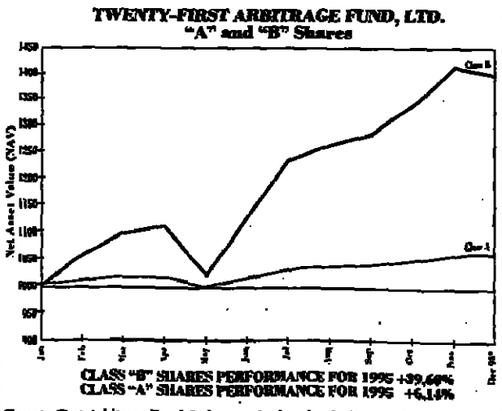

CLASS "B" SHARES PERFORMANCE FOR 1995 +39.60%
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Twenty-First Arbitrage Fund, Ltd., organised under the laws of the Bahamas, is a single advisor fund which engages in the business of speculative trading all financial instruments relating to United States debt securities.

We have two different shares "A" Class and "B" Class, each providing a distinct degree of trading leverage and each requiring different "stop-loss" provisions. Class "A" shares are for the conservative investor with low volatility and the Class "B" shares are for the aggressive investor which is willing to accept a higher volatility.

- *Objective :* A gradual and steady above average capital appreciation.
- *Subscription :* Monthly at NAV, initial investment US 250,000.
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- *Structure :*

Administrator: MeesPierson FundService Limited in Nassau, Bahamas
Custodian: MeesPierson (Bahamas) Limited in Nassau, Bahamas
Auditor: Coopers & Lybrand

For information : please contact Mr. Damien Johnson from MeesPierson FundService Limited, 404 Windermere House, East Bay Street, P.O. Box SS 6238, Nassau, Bahamas. Phone: 1-809-393-0777 • Fax: 1-809-394-3284.

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IHT 13/1/96

International Herald Tribune

THE MONEY REPORT

SATURDAY-SUNDAY, JANUARY 13-14, 1996
PAGE 15

FIRST COLUMN

Their Silence Is Deafening

IN the investment arena, talking a good game is useless. It is not so much a question of actions being louder than words, but of actions being the only things of any relevance.

Or rather, it should be. Too many small investors have gotten burned by paying attention to the marketing words rather than the investment deeds.

This would tend to indicate that the long-pursued policy of silence among leading managers in the hedge fund industry is probably a fine and noble thing. Few could have accused them of the hard sell as their funds turned in impressive performances year after year. On the contrary, the managers let their figures do the talking and watched the new money fight furious battles to be allowed the privilege of being managed by the hedge fund kings.

Then the hedge fund industry lived through 1994, which was a dismal year with double-digit percentage losses very much the norm. Suddenly, the claims of the investment managers — notably that investors could get plenty of upside and little of the downside risk — began to seem a little tenuous. Creeping doubts began to emerge that the managers might not be infallible after all.

It is perhaps no coincidence, then, that these managers have now found their tongues. Investors who had previously marveled at the oracular silence of the gurus found themselves on the receiving end of long explanations of what had gone wrong.

For all the erudite (i.e., deliberately mystifying) pronouncements on stochastic theory, the crude verity is that the hedge fund industry went wrong this way: It conned itself, and many investors, into believing that it had altered the fundamental law of investment that there is no return without broadly commensurate risk.

Which leaves the question of why there was such a deafening silence before the failure-induced stampede to explain.

Here is one possible answer: charging structure. The hedge fund industry has traditionally taken risks with other people's money and then charged them 20 percent of the profits above a certain level — usually around 10 percent.

The managers involved, of course, showed an acute understanding of the relationship between risk and return: They did not offer to participate in 20 percent of any losses they made with their clients' money.

M.B.

The Money Report is edited by Martin Baker

Hedging and Derivatives

Page 17
What role after EMU?
Emerging-market plays
The regulation shortfall
Losers get even — in court

A Maturing Hedge-Fund Industry Courts Private Investors

By Iain Jenkins

AFTER suffering massive losses in 1994, hedge funds started to look like an industry in terminal decline. The impression was reinforced last year, when investors pulled more than $10 billion out of such funds, according to TASS Management, a hedge fund performance monitoring firm. A number of mangers — including some of the well-known ones — actually handed money back to investors, saying they could not guarantee results.

So it is interesting to note that the hedge-fund industry, for the first time, is encouraging private investors to incorporate the funds into their portfolio.

Minimum investments, once at $1 million, have fallen sharply, and many funds now allow investments of $25,000 — within the reach of ordinary investors.

Although U.S. regulations meant that hedge funds had to attract rich individuals with a salary of over $200,000 or a total net worth of $1 million, many of the funds have started offshore products, which are available to the medium and small private investor. An investment of $31,000, for example, buys access to the Quantum fund, managed by the high-profile and very successful George Soros.

The industry has also grown up, with differentiation appearing between the different styles of hedge fund.

There are "macro" funds, such as Quantum, that bet on movements of whole markets. There are risk arbitrage funds that take positions on takeovers, and equity hedge funds, which are scarcely more risky than mutual funds.

Today, anyone who is worried by the dizzying pace of change on Wall Street has a good reason to consider a hedge fund investment. Unlike mutual funds, the hedge funds can take large short positions to hedge their exposure — hence the name — and can cushion the investor against a market fall. In fact, hedge funds historically have produced better returns than mutual funds in falling markets.

Van Hedge Fund Advisors in Nashville tracked the performance of an index of hedge funds during the six quarters since 1989 that the Standard & Poor's 500 stock index has fallen. While stocks fell 21 percent, the hedge funds averaged a 2 percent return. Morningstar's average of equity mutual funds lost 23 percent in the same period.

"A hedge fund can protect an investor in a falling market as well as making a good return in a rising market," says Jeremy Smouha, director of Global Asset Management, which runs the GAM Diversity fund. "But a lot depends on the talents of the manager and the investment strategy of the fund."

Hedge funds are, nevertheless, still seen as being high-risk. Worse still, they have become associated with poor performance. After hedge funds first hit the headlines in 1992, when Mr. Soros made $1 billion betting on a devaluation of the British pound, money was thrown at the sector. A year later, many hedge funds made huge losses in the bond market shake out, and investors suddenly rushed for the exit

The herd tendency, says Michael Goldman, director of Momentum Asset Management, makes life difficult for fund managers. "Investors buy at the top and sell at the bottom," he says. "Our Rainbow fund had money pouring into it in January 1994. Two weeks later we had frantic call from people wanting their money back."

If 1994 was a bad year for hedge funds, 1995 was no help. Even though Wall Street rose a spectacular 34 percent, the average hedge fund managed only 20 percent.

But Nicola Meaden, a director of TASS Management, says investors need to take a longer-term view. "When the U.S. equity market does well, a lot of investors ask themselves why they spent all that money paying for a hedge fund manager instead of buying a cheaper tracker fund," she says. "What they should look at is the superior performance of hedge funds against world indexes and against mutual funds over long periods of time."

It is unquestionably true that some hedge-fund managers have turned in impressive performances. Mr. Soros has returned 350 percent to investors over the past five years. Marty Zweig, a U.S. asset allocator, is up 168 percent over the same period. Steve Fineberg, who invests in distressed situations, is up 242 percent. Julian Robertson's macro fund is up 202 percent, and Munro Trout, who has never had a down month, is up 103 percent.

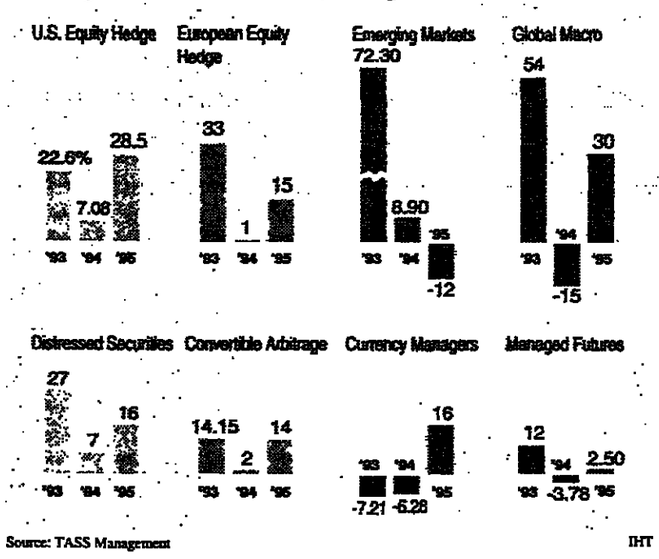
Hedge-fund managers, therefore, can afford to be philosophical about their recent underpeformance against Wall Street. They say their goal is an average compound growth of 20 percent whatever the market conditions, and that performance is punished by the expense of taking short positions to hedge themselves against a potential drop.

Cappy McGarr, who runs a number of hedge funds including the $150 million SAM McGarr offshore fund, is a U.S. equity stock-picker who takes only 10 to 15 large positions on Wall Street. He was beaten by the S&P index last year, when he managed a return of 26 percent. However, he has delivered an average annual return of 31 percent over 12 years.

To Mr. McGarr, it is obvious why hedge funds outperform mutual funds: "I get paid for my performance. A mutual fund manager doesn't. I have got my own money at stake. A mutual fund manager probably won't. I am paid to deliver high returns. A mutual fund manager is paid to beat the market. I have doubled the S&P over time. How many mutual fund managers have done that?"

Performance of Hedge Funds, 1993-1995

Average % returns for each sector; 1995 figures are estimates



Source: TASS Management

IHT

Revenge of the Nerd: Today's Breed of Manager Plays It Very Safe

THE hedge-fund manager used to have a somewhat macho image: a risk-taker, a lone wolf, armed with nerves of steel and a hunch about where the market was headed.

A new and growing crop of managers, however, owes more to Bill Gates than to James Bond. Known in the trade as "rocket scientists" or "nerds," the new fund managers play it safe — for clients and for themselves — by betting not on which way the market will move, but on whether it will move at all.

What they do is called volatility trading. It works like this: Rather than trading stocks or their derivatives, the new managers trade combinations of options and other derivatives against the underlying stock, bond or currency. Whether the market moves up or down, the trader makes money.

The technique is not brand new: Options dealers at Wall Street banks have been doing this kind of trading for years, and many of the banks use their own systems to make money from it.

But volatility trading, newly applied to hedge-fund management, is poised to capture the imagination of an investing public weary of listening to so-called experts telling them that Wall Street is about to soar by another 20 percent or collapse tomorrow.

"Our approach is to say that we don't know whether a market is about to rush up or rush down," says Desmond Fitzgerald, a managers at the forefront of the volatility movement. "But we have a view on whether or not a market is going to be volatile. We will take bets on whether the market will bounce around less or more than the consensus."

Volatility trading depends on events that will move markets, though it may not be certain the direction that movement will take. The referendum late last year on the separation of Quebec from Canada is an example: Only a brave person would have predicted which way the vote would go, but it was no stretch to predict that any result would move the Canadian dollar and bonds — and that is all a volatility trader needs to know.

Mark Cohen, managing director of Hermes Capital Management, a hedge-fund firm in New York, says the new breed of fund manager is small but on the ascendant. "Among hedge funds there is a move to managers who use more technology and quantitative techniques, and a move away from the players who fly by the seat of their pants, betting the house on whether a market will move up or down," he says.

The two categories of volatility traders — rocket scientists and nerds — have similar investment goals but use different tools to achieve them.

Rocket scientists use highly sophisticated mathematical formulas to take advantage of tiny pricing anomalies, which they call mispricing. Leading examples of the type include John Merriweather and his team at Long Term Capital, and David Shaw, a professor at Columbia University in New York.

Nerds are just as risk-averse as rocket scientists, but their methods are somewhat lower-tech. Mr. Cohen, for example, bases his Alexandra Global hedge fund on a relatively simple arbitrage between convertible bonds and the underlying stock.

"What we are doing isn't rocket science stuff," he says, "but it will grind out a yield of 13 percent to 15 percent. It is steady, healthy return, but nothing like the 70 percent profits or 30 percent losses you can get from macro hedge fund managers."

As with hedge-fund investing in general, volatility trading has been a game for professional investors only. Mr. Fitzgerald, a former academic who has worked at New York University, plans to correct this. He and his company, Equitable House Investments, intend to bring out a volatility fund in the next few months. The fund will be listed in Luxembourg and is being sponsored by Crédit Lyonnais SA, the French bank.

Some market participants wonder if the general public is ready for such an esoteric concept. Others, like Tony Glickman, senior managing director of CIBC in Toronto, say that complexity is what makes volatility trading so exciting: "The more discipline and analytical details that you have to go through, the more likely you are to find mispricing, which is potential profit."

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THE MONEY REPORT

Does EMU Spell Boom or Bust for Hedge Funds?

By Martin Baker

CALL it fame, call it infamy, call it what you will. One thing at least is certain: Hedge fund managers in the 1990s have made a name for themselves in the financial markets and the wider world.

That the epithets applied to them are not always polite is partly because of the great European Exchange Rate Mechanism spree of 1992. In the autumn of that year, the foreign exchange markets — with hedge funds in the vanguard — went on a gigantic spree at the expense of the ERM. Today, some observers are asking whether the political and technical problems facing European Monetary Union — the merging of European currencies, and the next step forward from the ERM — will provide too tempting a target.

During the ERM debacle a succession of European currencies were either forced out of the grid of exchange rate parities (the British pound and the Italian lire) or were forced to "realign" themselves by devaluing and trying to hold a lower rate (the Spanish peseta and the Irish punt).

One prominent hedge fund manager, George Soros, made some $1 billion by using aggressive derivatives positions to bet on a sharp fall in the value of the pound. The question now being asked is whether something similar will occur to the French franc's value against the Deutsche mark before 1999, when the currencies participating in the ERM are expected to join in the single European currency.

If the franc and the Deutsche mark were not to be joined in what is to be called the Euro, it is generally accepted that EMU would be less of a union of currencies than a "mark zone," including the Dutch guilder and the Belgian franc, which are closely associated with the Deutsche mark.

Individuals, therefore, who are thinking about a hedge fund investment and are impressed by the clever hedge fund management of 1992 and 1993 (when, among other things, the markets had a summer run against the French franc) should ask themselves a few questions:

First, is there a general perception that the French franc — or other significant currencies within the EMU core — is vulnerable to sustained selling?

If so, and EMU is thereby effectively prevented from occurring, what will be the major financial consequences?

Finally, how important is the role of the hedge funds? Specifically, do hedge fund managers exert such influence — directly through their buying power, or indirectly through their reputations — to influence the markets simply by advertising their investment decisions?

• Will the markets sell the franc?

"There is a growing possibility that the French administration has done it. They've survived all the major political storms of 1995, in particular the December strike," said Nick Knight, head of strategy at Nomura Research Institute Europe. "Before selling pressure builds, the markets will need to see a greater visibility of failure to deliver on the budget deficit limits as specified in the Maastricht treaty."

Ciaran O'Hagan, an analyst at J.P. Morgan in Paris, argued that the French government had "for the moment, at least, got away with it. The resolution of the December strike had minimal budgetary implications for 1996 or 1997."

Michael Goldman, London-based managing director of Momentum Asset Management, which has 10 diverse hedge funds under management, added that he did not believe the franc was in imminent danger of coming under attack: "People are long of German government bonds and several have been buying the mark and shorting the franc. But those are long-term positions that have been held for some months."

Mr. Goldman cited the gold, oil and dollar-yen rate markets as the most active among hedge fund managers.

But from January 1996 to January 1999 is an eternity in the volatile currency markets, and few can rule out a speculative attack on the franc in that time.

Mr. Knight at Nomura identified an aura of returning confidence about the hedge fund industry that might lead to more aggressive strategies in the medium-term future: "Hedge funds had a great 1993, a very poor 1994, and quite a few enjoyed 1995, especially the second half. So self-confidence is returning, and we may see hedge funds as a more potent force in 1996 and after that they begin to throw their weight around again."

• What will be the likely financial consequences?

The Zurich-based Bank Julius Baer published a booklet, "Scenarios for European Monetary Union," at the end of last year in which it rated the likelihood of EMU's not going ahead at 30 percent. The bank argued that if EMU did not occur or were to be postponed for several years, European interest rates generally would fall, with "significantly greater devaluation in the soft currency countries."

By "soft currencies" the bank means denominations such as the Spanish peseta, the Portuguese escudo and the Greek drachma. Its assumptions are predicated on its assertion that EMU "stands or falls on the Franco-German axis." If the unlikely occurs, therefore, a significant fall in the value of the franc should also be assumed.

Mr. O'Hagan at J.P. Morgan also regarded the achievement of EMU as more likely than not: "EMU has two chances in three of occurring. Partly because, little by little, the European Commission is beginning to work out a consensus on the legal difficulties involved."

Mr. O'Hagan cautioned against the automatic assumption that the proposed Euro currency would instantly take over as a unit of account from the ECU basket of currencies. Although this positive development seemed likely in Germany, he said that the replacement of one unit by the other was one of many legal problems yet to be solved.

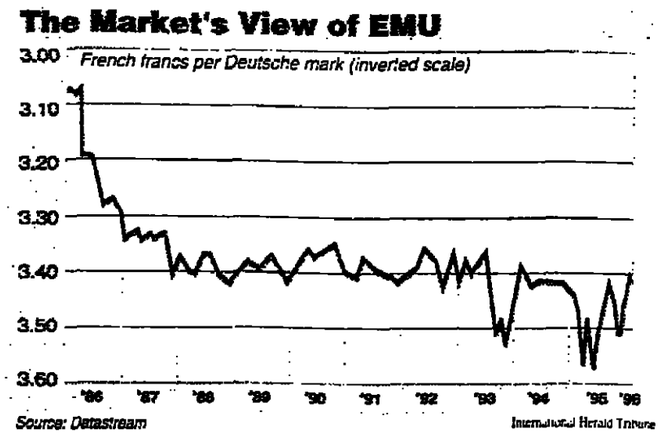
• How important are the hedge funds?

Acting with typical alacrity, a Congressional committee hearing was called into the activities of hedge funds on hearing of Mr. Soros' successful sterling play in the fall of 1992. Mr. Soros was asked to give evidence before the committee in April 1994, at which time he argued that hedge funds were a stabilizing force in the market, since they tended to bet against irrational investment decisions and erratic capital flows. He also argued that, in the overall context of the market, hedge funds were simply too small to have a major impact on currency rates.

This point of view is, by implication, shared by Charles R. Taylor in a paper on currency and option intervention published in October by the London-based Center for the Study of Financial Innovation. Mr. Taylor argues that derivatives — the favorite securities of the hedge fund managers — are really a form of insurance, and that governments seeking to protect an exchange rate would be well-advised to make use of these instruments themselves.

Mr. Goldman at Momentum agreed that the effect of hedge funds was generally overrated, but he added that once a hedge fund manager had a following in the market, his decisions would be copied and their effect multiplied by the "herd mentality." Nevertheless, it was difficult to envisage hedge funds leading an assault on a currency so as to derail EMU.

The Market's View of EMU



Source: Datastream — International Herald Tribune

New Instruments Tempt Emerging-Market Players

By Conrad de Aenlle

NEW derivative strategies designed for emerging markets leave portfolio managers to decide not just where to invest, but how.

Equity swaps allow them to allocate assets to a market without having to muddy their feet by actually going or even sending money there. By doing this, fund managers can cut costs and enhance returns for their shareholders.

An equity swap works like this: A fund manager who wants to invest $1 million in, say, Taiwan, will agree to pay interest on that amount in exchange for the return — positive or negative — on a benchmark index of Taiwanese stocks over a fixed period, often a year.

The other side of the transaction — the party selling the return on the shares — could be an investor with a large portfolio to hedge or someone who does not think much of the prospects for Taiwanese stocks over the next year.

Whoever it is, he will have nothing to do with the fund manager directly: The swap will have been arranged by an investment house that will serve as a go-between. It is actually the investment house that each of the principals has made a deal with.

These instruments are still relatively obscure, but their use is increasing fast. Jack Tracy, executive director of the Portfolio Strategies Group at Morgan Stanley & Co., one of the handful of large investment houses that do equity swaps, reckons that swap volume has doubled in the past year, to $1 billion.

"The development curve has accelerated over the last two years or so," he said. "It used to be that you only saw sellers of returns through derivatives. Now there's more of a balance."

Buyers are attracted by the very low rates of interest they have to pay, often at least one or two percentage points below the rates at which the largest, most creditworthy institutions borrow. Banks can offer such low rates by investing in closed-end funds in the local markets that trade at steep discounts to the value of their assets, rather than by finding someone looking to hedge.

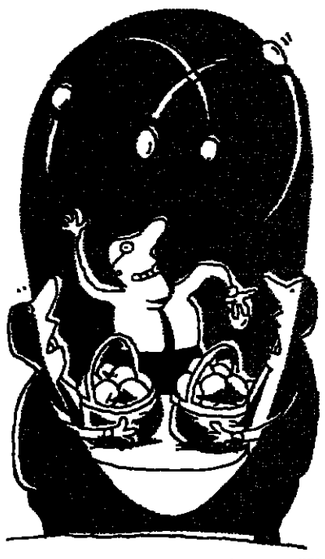
Funds that buy equity swaps benefit in other ways: There are no share dealing costs, no withholding taxes or custody charges to pay, and there is no risk of bidding up the price of shares in illiquid markets by making large trades. And because the parties exchange cash with an intermediary, restrictions on foreign investment and repatriation of returns, common in emerging markets, can be sidestepped.

"They can be a very cost-efficient way of gaining market exposure," said Jean de Bolle, global portfolio manager at Foreign & Colonial Emerging Markets.

Almost all equity swaps and other derivatives for use in emerging markets are arranged by banks over the counter, but as such investment exotica becomes more popular, exchanges — in the markets themselves and in derivatives hubs like New York and Chicago — are listing contracts.

Morgan Stanley has concocted a form of equity swap that trades on the stock exchange in Luxembourg. Known as OPALS, or optimized portfolio as listed securities, these swaps are $1 million packages of shares in some of the more popular emerging markets, such as Taiwan, Malaysia and Brazil.

In emerging-market debt trading, the Finex exchange in New York has begun to offer futures and options contracts on a capitalization-weighted index of Brady bonds from four Latin American countries. Bradys are bonds issued by governments in developing countries and are partially backed by U.S. Treasury bonds to make them more palatable to Western investors.



Nicholas Garland/IHT

In perhaps the greatest show of confidence yet in the new instruments, the Chicago Mercantile Exchange has created several new futures and options contracts, new exchange memberships and its first new division in 13 years.

Michael Gorham, the CME's vice president for international market development, calls the push into emerging markets "the third wave in the postwar period," the first two having been in currencies and stock indices.

The CME has traded Mexican peso futures and options since April and Brazilian real futures and options since November. Contracts based on Mexican stocks and on Brady bonds also are planned.

"This is definitely going to be a growing area over the next two to three years," Mr. de Bolle of Foreign & Colonial said. "What stopped fund managers from using derivatives in a bigger way in the recent past is, simply, the lack of highly liquid, traded derivatives."

Regulation and Disclosure Fall Short

By Digby Larner

BONDHOLDERS who lost $150 million when Barings PLC collapsed because of losses on derivatives trading are planning court action to prove their claim that the former directors knew more than they admit about the bank's exposure.

But the Barings investors' spokesman, Jonathan Stone, says failure to disclose risky derivatives investment is a common problem. "Companies simply tell you what they want and cover up all manner of ills in their published accounts," he says.

Heavy losses from derivative investment at Procter & Gamble, Metallgesellschaft, Kashima Oil and Daiwa Bank have raised concern among investors that how corporations invest their money is often unclear.

Each new loss brings with it fears that the market is like a house of cards of indeterminate height. A single big banking collapse, say critics, could trigger a systemic banking failure that would wipe out the global financial establishment.

Such concerns are inevitably followed with calls for tighter regulation. Some observers say corporate treasurers need to be trained and authorized to use derivatives before being allowed to commit their business's resources to the market. Others demand the outright banning of derivatives, claiming the risks are too unwieldy for even the most skilled bankers to grasp.

The response from regulators — at least so far — is to do none of these things.

Last November the Basel Committee on Banking Supervision put forward recommendations aimed at making the derivatives market more easily understood by private investors. But while the committee expressed the hope that corporations will take up its suggestions, it balked at enforcing new standards.

In the United States, the Securities and Exchange Commission has taken a similar line. It urged corporations to tighten up their accounting procedures and to give investors a clearer picture of what level of risk they are running. But the securities regulator avoided weighing in with new, tighter rules governing derivative trading.

According to Tim Plews, a London-based partner with the international law firm Clifford Chance, regulators are wise to adopt a hands-off approach. Highly publicized failures like Barings grab public attention, he says, but the extent of the risk is overplayed.

"Nobody likes to hear about a collapse like Barings, and unfortunately the media coverage it stirs up can cause panic," he says. "I think regulators now have a better grasp of the way the market works and can quantify the risk. There's a much greater appreciation of the integrity of the banking system."

After the Barings failure, the U.S.-based Futures Industry Association recommended self-regulation by the derivatives industry both within the United States and abroad. The association studied markets in 17 countries and published its findings last summer. It called for tighter risk control and better communication between investors, banks and brokers.

Last December the Futures and Options Association in London published guidelines for British directors and senior corporate managers who use derivatives. It outlined the need for corporations to have an effective derivatives investment policy and suggested ways of enforcing it to prevent employees from exposing the business to a higher level of risk than agreed at board level.

At the very least, said Anthony Belchambers, executive director of the FOA, "the guidelines will serve as a helpful benchmark against which market users may measure their existing internal controls for managing derivatives risk."

Until recently, over-the-counter deals between institutions have been of particular concern, as these are harder to quantify than trades made on exchanges.

Figures released in December by the Swiss-based Bank for International Settlements showed that by March of last year the value of over-the-counter derivatives deals stood at over $40 trillion. It estimated that around $840 billion worth of deals were struck worldwide every day.

A spokesman for the Bank of England in London acknowledges that the figures are "enormous," even if the actual amount at risk is a "small fraction" of the total: One percent of $40 trillion, after all, is $400 billion.

But he adds that the European Union's Investment Services Directive, which mandates higher capital reserve requirements to cover investment risks, will help control the use of derivatives and "may go a long way to preventing huge losses in future."

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Is This Any Way To Sell Stocks?

"If your wife is like my wife, she's probably more interested in spending money than making it. I'll have my wife call your wife and they can talk about shopping. Let's you and I talk about serious investing."

This is not an excerpt from an Eisenhower-era situation comedy, but a portion of a 1990s sales pitch by a cold-caller — someone whose job is to sell stock on the phone to people he does not know.

It's a tough business, reports Ilene R. Prusher of Bloomberg Business News in New York. Unfortunately, brokers and their firms make it even tougher on themselves by using sales tactics that virtually ignore women — who these days make up more than 40 percent of potential stock-market investors.

Ms. Prusher recently examined scripts used by brokerages to train cold-callers. She found "an Old Boy, clubby sort of tone" that plays to "men's weak spots: their supposed sense of independence, their masculinity, their pride." Let's listen in:

• The customer says he's a little short of cash right now: "I can certainly relate to that. My wife keeps telling me 'I'm not overdrawn, you're underdeposited!'"

• The customer says he'd rather wait a day: "When you asked your wife to marry you, did she say, 'I'll call you back,' or 'I'll call you next week?' Of course not. She recognized an opportunity."

• The customer says he has to ask his wife: "You run a multimillion-dollar company, and I know you make a million decisions every day without your wife. When she uses your credit card, she doesn't ask you for permission, am I right? When you get a flat, who gets out and changes the tire, you or your wife?"

Ms. Prusher reports that some scripted sales pitches have drawn complaints to state securities regulators with lines like "Who wears the pants in the family?"

But, happily, not every cold-caller takes the low road. Listen to John Preston, a broker at Wheat First Butcher Singer: "I don't try to manipulate people and intimidate them," he says. "I'd rather have a 30-year relationship with a guy than question his manhood."

Guernsey Goes 'Live' on Internet

Up-to-date information about the Channel Island of Guernsey, as well as the history of its development as a financial center, is now available on the Internet.

Text and graphics can be accessed through the World Wide Web at http://www.itl.net/go/to/Guernsey FSC. Electronic mail can be addressed to gsyfsc@itl.net.

Money-Losers Demand a Day in Court

By Ann Brocklehurst

INVESTORS who have lost big money in derivatives trading are increasingly turning to the courts in search of financial compensation.

The derivatives litigation, much of it pending, is a concern not only to the parties involved but also to market participants in general, who worry that it could undermine a key function of financial markets: transferring risk.

The case of Orange County, California — which declared bankruptcy in 1994 after losing $1.7 billion on derivatives trading, including unauthorized deals — has generated more than a dozen lawsuits, according to a summary of derivatives lawsuits compiled for the Banking Report of the Washington-based Bureau of National Affairs.

Orange County is suing both its main derivatives broker, Merrill Lynch, and the accounting firm Peat Marwick. Various county bondholders also have also brought suits against Merrill Lynch and the former county treasurer.

In another high-profile case, Procter & Gamble Co. is suing Bankers Trust, its derivatives dealer, blaming it for a loss of $195 million on two interest-rate contracts the company claims it should not have been sold.

Procter & Gamble recently upped the stakes dramatically, claiming triple damages under U.S. civil racketeering legislation. In a related development, a shareholder has sued Procter & Gamble for financial irresponsibility.

"In light of the magnitude of the losses reported, it may not be surprising to see a great deal of litigation over who ultimately should be liable for them," the BNA report says.

It goes on to say that "the legal claims made can be grouped into three broad categories: suitability, authorization and disclosure claims," with the suitability claim the most controversial.

In England late last year, Bankers Trust won a suit involving suitability claims against PT Dharmala, a derivatives client. The English court ruled that the Indonesian investment holding company had to pay Bankers Trust $69 million for two swaps on which Dharmala incurred heavy losses. The judge ruled that it was Dharmala's responsibility to determine whether the swaps were a suitable investment and that Bankers Trust had no general duty to advise it.

Dharmala was typical of many high stakes losers: It bet on a product designed to be profitable in a climate of dropping interest rates and got hit with heavy losses in early 1994 after U.S. interest rates rose unexpectedly.

Tanya Styblo Beder, a principal in the New York firm Capital Market Risk Advisers Inc., says much of the litigation now before the courts stems from the "unfortunate experiences" of 1994, when "the vast majority of transactions were structured to exploit a bull market" and not rising interest rates.

"Many of the factors which drove some of the lawsuits have slowed down. We've seen a tremendous slowdown in unexpected losses" Ms. Beder said. She attributes these changes to the risk management structures put in place by warier buyers, and to the efforts of dealers and regulators to establish and follow guidelines.

Tighter scrutiny of trades should lead to fewer lawsuits based on what the BNA report classifies as authorization claims. These typically are filed by governments, such as Orange County, which is arguing in its case against Merrill Lynch that it should not be held responsible for county debts incurred in violation of the California constitution.

The number of currently unsettled derivatives lawsuits — including those brought by the Baptist Missionary Association of America, the City Colleges of Chicago, and the Malaysian company Berjaya Industrial Berhad — worries market participants, who fear judgments that might hinder the ability of financial markets to transfer risk.

"If you're uncertain about whether a risk transfer has occurred, that's not a desirable situation," says Christine Cumming, senior vice president for the Federal Reserve Bank of New York, the state's banking regulator.

"Certainty in financial transactions is really crucial," she says. "I think the court and legal systems have a very appropriate place in the resolution of legal contracts. My concern is that the court system becomes an alternative route to mitigating losses."

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Herald International Tribune
SPORTS

WORLD ROUNDUP

UEFA Strikes

SOCCER Tottenham and Wimbledon of the English Premier League have been banned from European competition for one year by UEFA's Disciplinary Committee, a spokesman confirmed Friday.

The ban will be active for five years and if either club qualifies for any European competition within that period, they will not be allowed to compete. The ban was imposed, the spokesman said, because the two teams fielded below-strength teams in last summer's Intertoto Cup.

The UEFA also banned the Glasgow Rangers midfielder Paul Gascoigne for his club's next two matches in European competition after his ejection from a game in December.

• Ajax Amsterdam, the European Cup holder and world club champion, was defeated for the first time in 18 months Thursday, falling 2-1 to the Israeli Cup holder, Maccabi Haifa, in a friendly.

• Nigeria will be barred from playing in the 1998 World Cup qualifying matches if it fails to arrive for the African Nations Cup in South Africa this week, FIFA said on Friday. *(Reuters)*

Cup Races Cancelled

SKIING The temperature climbed to 12 degrees centigrade (54 Fahrenheit) in Kitzbühel, Austria, forcing the cancellation Friday of the men's World Cup downhill, but race officials are hoping to stage two downhill races on Saturday and a slalom on Sunday. *(Reuters)*

College Swimmer Dies

SWIMMING One moment, the only member of the swimming and water polo teams ever to earn a full scholarship to the University of Massachusetts was sitting beside his coach at a meet in New Hampshire. The next, Greg Menton of Dundee, Oregon, lay on the pool deck, apparently suffering a heart attack. Menton, 20, was pronounced dead about an hour after he collapsed Wednesday at Dartmouth College. Autopsy results were not available Thursday. *(AP)*

Kafelnikov Beats Agassi

Yevgeni Kafelnikov upset top-seeded Andre Agassi, 2-6, 6-2, 7-6, (7-2) Friday to advance to the final of the Colonial Classic exhibition tournament at Kooyong.

Agassi opens the defense of his Australian Open championship Monday. *(AP)*

Can Favre Outplay Aikman?

The Associated Press

IRVING, Texas — Brett Favre's performance at quarterback for the Green Bay Packers earned him the NFL's Most Valuable Player honors in the regular season. In the playoffs, he has to prove he can outplay Troy Aikman.

Aikman is 8-1 as a starter in the playoffs for the Dallas Cowboys, with his only loss was to the San Francisco 49ers in last year's NFC championship game. In the two years before that, Aikman led the Cowboys to the Super Bowl.

"I love it when the playoffs roll around," Aikman said. "It's a grind through training camp, exhibition season and through the regular season. Then it gets fun when you're in the playoffs. I like the sudden death nature of it. If you win you go on, if you lose you die."

Aikman has some remarkable postseason statistics. His rating is an amazing 103.6 just behind Bart Starr, the former Green Bay Packers quarterback at 104.8. He has completed 203 of 294 passes for 2,565 yards for an NFL postseason-record .690 completion percentage and average gain of 8.4 yards per attempt. He has 18 touchdown passes and nine interceptions.

"Troy steps it up a notch in the playoffs," the Dallas receiver Michael Irvin said. "It's his time of the year." Aikman deflects comments about playoffs bringing out his best, but he admits his reputation as a big-game player "means a lot to me. I just like big games."

Dallas' coach, Barry Switzer, said Aikman is great in the playoffs because he has the courage to stay in the pocket and release the ball at the last second.

"He doesn't look to exit right or left," Switzer said. "He stands there and delivers the ball knowing he's going to get the hell knocked out of him. Mentally he's very tough."

The team's owner, Jerry Jones, added: "He's the kind of quarterback you have to have in the playoffs to get to the Super Bowl."

NFL Championship Games On TV in Europe and Asia

The NFC and AFC Championship Games on Sunday will be televised in these countries by the following broadcasters, according to the National Football League. Please check local listings for coverage.

EUROPE

Austria: DSF; Belgium: FilmNet; Canal+ France: Deasonic TV3; France: Canal+; Germany: Premiere/DSF; Greece: FilmNet Hellas; Italy: Tele+2; Netherlands: FilmNet; Spain: Canal+; Sweden: TV3; Switzerland: DSF; U.K.: Channel 4, BSkyB.

ASIA/PACIFIC

China: Oriental TV, Guangdong TV, Beijing TV; Guam: Guam Cablelndonesia: RCTI; Japan: NHK, Sumitomo; Korea: ESPN Int'l, Star TV; New Zealand: Sky Media TV; Philippines: ESPN Int'l, Star TV; Singapore: 12 Television, Star TV; Taiwan: CTV; Thailand: ESPN Int'l, Star TV; Vietnam: Star TV.

John G. Mabanglo/Agence France-Presse

The big question: Can the Colts contain the Steelers' do-it-all rookie Kordell Stewart (10)?

The Colts: the Darkest Horse

But Reconstructed Defense Does It All

By Timothy W. Smith
New York Times Service

INDIANAPOLIS — Conventional wisdom says the Indianapolis Colts should not be a victory away from the Super Bowl. But conventional wisdom never had to tackle a 240-pound fullback running at full steam or a ball-hawking defense.

The big blue horseshoe on the side of the helmet had come to symbolize bad luck for an organization that was known as "The Young and the Aimless." Three years ago, the Colts' defense had a P.O. Box in the National Football League's abyss.

This season they turned things around, beginning with an 18-17 victory over San Francisco in Week 6 and peaking during the playoffs. On Sunday they will play the Steelers at Three Rivers Stadium in the American Football Conference championship game.

In their last three games, the Colts have made 10 interceptions, compared with 10 over the first 15 games of the season. Last week they held the Chiefs, who had averaged 22.4 points a game, to just 7.

"My very first year here our defense was like, 'Let's just try to hopefully win the football game,'" said the cornerback Ray Buchanan, a third-round pick in 1993. "Now, our attitude is, 'Let's try to keep the offense from scoring.'"

The Colts have overcome adversity.

They signed a game-breaking free-agent receiver, Flipper Anderson, but he injured his knee in the second game of the season and went out for the year.

Their owner, Robert Irsay, has been hospitalized with a stroke since Nov. 29.

Marshall Faulk, their best running back, injured his knee on the first play from scrimmage in their first playoff game against San Diego, had arthroscopic surgery and will not play against the Steelers.

Although their most identifiable players are Faulk and the quarterback Jim Harbaugh, who is most noted as Mike Ditka's whipping boy in Chicago and who finished this season as the league's highest-rated quarterback (100.7), the Colt defense may be the reason they're alive to this point.

The Colts have no Pro Bowl players on defense, but that could soon change. Tony Bennett, the linebacker who signed as a free agent from Green Bay in 1994, is a big-time pass rusher. He led the team with 10.5 sacks this season. Stephen Grant, Jeff Herrod and Quentin Coryatt are a versatile group of starting linebackers and Trev Albert, a second-year man, comes off the bench to give the Colts greater flexibility in their defensive scheme. The nose tackle Tony Siragusa is a 315-pound (143-kilogram) immovable force in the middle.

Most of the Colts point to defensive coordinator Vince Tobin, who was hired in 1994 by his brother, Bill, the Colts' vice president and director of football operation, as the reason for Indianapolis turnaround on defense.

In 1993, before Tobin was hired, the Colts had the worst defense in the NFL. They were last in the league in total yards allowed, last in rushing yards allowed and second to last in points allowed. This season they ranked No.7 in total yards allowed, No.6 against the run and No.5 in points allowed.

4 for the Money But Only 2 Go To Super Bowl

Compiled by Our Staff From Dispatches

The National Football League season comes down to the crunch this weekend with the winners of the American and National conference championships meeting in Tempe, Arizona, on Jan. 28 in the Super Bowl.

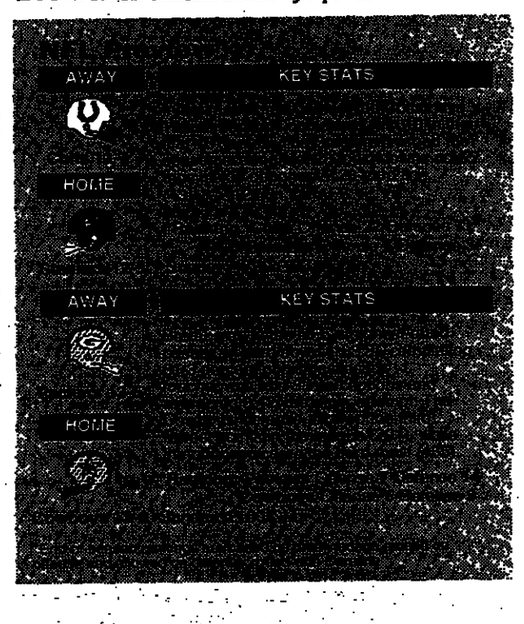
Indianapolis (11-7) vs. Pittsburgh (12-5)

No one cares that dome teams are 2-17 in playoff games at cold weather sites. The Colts aren't even playing like a dome team. Quarterback Jim Harbaugh is playing like he's at a carnival and a defense doesn't mind paying for all his rides. Fun time might be over for the Colts, though in this American Football Conference championship game. They have an atrocious history at Three Rivers Stadium (0-8). And they're facing a Steelers team that's more mature and battle hardened than the group that blew a Super Bowl trip last year against San Diego. The Steelers have won all styles of games this year from nailbiters to blowouts. The Colts will make it interesting, but the Steelers will prevail.

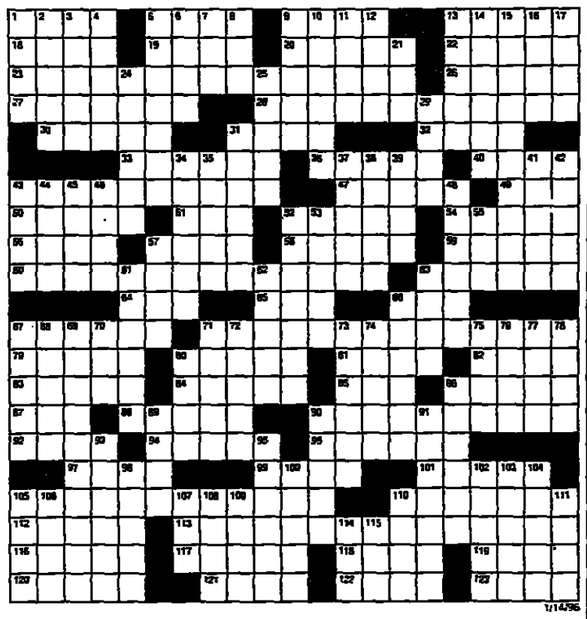
Las Vegas oddsmakers make Pittsburgh the favorite by 11 points.

Green Bay (13-5) vs. Dallas (13-5)

Brett Favre is having a magical season. And it's not just because of the awards he's won or his throwing a league-high 38 touchdown passes. The way he picked apart the 49ers last week was something to behold. The Packers have a Cowboys phobia. They seize up every time they hit Texas Stadium. Unless they can get over it before Sunday, they're in big trouble. As is the case with most Cowboys games, this one will be decided at the line of scrimmage. If the Cowboys massive offensive line gets the Packers defense moving backwards it's over. If the Packers can't stop Leon Lett any better than the Eagles did last week it's over. It's the Cowboys time of year. It's over for the Packers. *Dallas by 9 points.*



LISTEN CLOZE-LY By Cathy Millhauser



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9 With a bow, to Stern
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23 Francis Bacon question to Shakespeare?
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25 Bigger than big
29 ——daisy
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38 Powhatan, e.g.
39 The Galloping Gourmet
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53 Noosecaster's need
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61 Destined for success
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63 Mystic
66 Aussie lasse
67 Manifest
68 Lumberjacks' contest
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107 A.A.R.P. members
108 Perfumery name
109 Shawm descendant
110 Nintendo rival
111 Take it out for a spin
114 Afternoon hour
115 Prosciutto

Solution to Puzzle of Jan. 6-7

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Is Jimmy Johnson That Good?

Vantage Point/ **THOMAS BOSWELL**

Washington Post Service

WASHINGTON — As his nationally televised news conference was about to end Thursday, Jimmy Johnson had an opportunity to show his softer side. He'd just had his moment of glory and vindication. The Dolphins had hired him as head coach for $8 million over four years. The man who replaced Tom Landry after 29 years with the Cowboys was about to take the seat that Don Shula held for 26 years.

Pausing at this climactic moment, Johnson spoke to his girlfriend. "Rhonda," he said, "we've had a lot of time together in our two-year vacation."

What would Jimmy, that old romantic, say next in this public/private moment? Something like, "It's been wonderful." Or, "That's what I'll miss."

Instead, Johnson said, almost with relish, "Those days are over."

These days, those who make it to the top of the sports mountain often seem to do so without recognizing the existence of any significant others. They stand apart. But also stand alone. They think all the success, fame and wealth flows from within them.

Johnson is a perfect example. He thinks he's going to win another Super Bowl. And very soon. It's written all over him.

Speaking of the Dolphins owner, H. Wayne Huizenga, Johnson said, "He pretty well overwhelmed us with his commitment to be the very best," said Johnson, using the royal We. "That's why it was a quick decision. I wouldn't come back except to be the very best."

The Dolphins couldn't win this season, despite Dan Marino at quarterback, Shula as coach and $18 million worth of freshly acquired free agents. In fact, they were only 9-7 before getting the boot in the playoffs in the first round.

Is Johnson that good?

Enormous team accomplishments are usually due to the work of many gifted people, plus dumb luck. Remove the star individual from the group context and he almost never looks as stellar again.

In the NBA, Bill Russell was on 11 championship teams. In baseball, Joe DiMaggio played in 10 World Series. Terry Bradshaw has four Super Bowl title rings. What do they have in common? All their triumphs came with the same teams. Russell needed Red Auerbach. And he knew it. DiMaggio needed the rest of the Yankees. Bradshaw would never think of leaving home without Mean Joe Greene.

Has Jerry Jones looked like a smart owner since the day he fired Johnson as coach of the Cowboys? Has Deion Sanders's glow been as bright in Dallas as it was in San Francisco?

It's hard to blame Jimmy Johnson for assuming that Super Bowl titles will follow him around from city to city. But the suspicion here is that the three most visible people in the NFL at this moment — Jones, Sanders and Johnson — will probably never collect another Super Bowl ring among the three of them.

Oh, they'll continue to be extremely good at what they do. They'll come close to the brass ring. Why, Jones and Sanders might be back on top within the month. But don't bet on it. Those who are not only great in their game, but fairly wise as well, figure out their true place in the success equation.

Huizenga made his bid to join Jones as a cross contender Thursday when, almost as an afterthought, he interjected, "Speaking of Don Shula." Oh, him.

"I have talked to Don every day," emphasized Huizenga, keeping a straight face. "Don is in Phoenix and couldn't be here."

When it comes to farce, the NFL provides the best. At the moment, the whole sport seems to have boiled itself down to two questions. Can Jerry win Super Bowl XXX to prove he really didn't need Jimmy to win Super Bowls XXVII and XXVIII? And can Jimmy win Super Bowl XXXI next season to prove that Jerry was just riding in the side car, all along.

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Penn State Rolls Along Unbeaten

The Associated Press

Both No. 4 Cincinnati and No. 20 Penn State remained undefeated among the Top 25 teams.

Penn State's victory Thursday night was relatively easy; Cincinnati's wasn't.

The Nittany Lions (12-0, 3-0 Big Ten), playing their first game in the new 15,000-seat Bryce Jordan center, pulled away from Minnesota in the second half and defeated the Golden Gophers, 76-61.

COLLEGE BASKETBALL

"They don't run any faster or jump any higher, but they can make shots," Minnesota's coach, Clem Haskins, said of Penn State, which has never been undefeated this late in the season and has not been ranked since 1965.

Cincinnati did not have as easy a time with Southern Mississippi, which self-destructed down the stretch and lost, 75-70. The Bearcats (10-0, 2-0 Conference USA) scored the final eight points of the game and held the Golden Eagles to no field goals in the final 3:37.

"We had to do a lot of good things to be in the game late, but I was certainly upset with some of the decisions our guys made there at the end," said Southern Miss's coach, M.K. Turk.

No. 3 Kansas 69, Florida 54 Raef LaFrentz scored 15 of his 21 points in the second half to help Kansas (12-1) pull away from a six-point halftime lead.

Scot Pollard also also had a strong second half, scoring 10 of his 12 points to offset the lack of offense the Jayhawks got from Jacque Vaughn and Jerod Haase. Dametri Hill led Florida (5-7) with 21 points.

In other Top 25 games, No. 9 Memphis defeated DePaul, 74-55, and No. 17 UCLA stopped No. 24 Stanford, 64-56.

John Rathrof/Agence France-Presse

Reggie Miller of the Pacers driving to the basket around the Bucks' forward Johnny Newman. Indiana came back to defeat Milwaukee, 96-88.

Stars Shine for Pistons and Pacers

The Associated Press

The Detroit Pistons and Indiana Pacers don't always need their stars to have a great first half. They do, however, require that they be there at the end.

Grant Hill was there for the Pistons,

NBA ROUNDUP

and Reggie Miller was there for the Pacers on Thursday night.

Hill missed his first six shots against the Charlotte Hornets, but made his last nine, finishing with 21 points in Detroit's 95-93 victory.

"Once I made the first one," Hill said, "things started happening."

Hill added 12 rebounds and seven assists to help the Pistons win in Charlotte for the first time in nine games.

Miller scored 20 of his 24 points in the second half in the Pacers' 96-88 comeback victory against Milwaukee.

Once Hill, guarded mainly by Glen Rice, got untracked, the Pistons were able to erase a 12-point deficit and go ahead on Allan Houston's scoop shot in the lane with 4:50 left.

"We had no answer for Hill in the second half," Charlotte's coach, Allan Bristow, said. "Something woke him up. He had a terrific game."

With Detroit clinging to a one-point lead with four seconds to go, Joe Dumars missed the second of two foul shots with 3.3 seconds left. Charlotte got the rebound, but Larry Johnson's 50-footer (15.5-meter) sailed over the top of the backboard as time expired.

Pacers 96, Bucks 88 Dale Davis, who finished with 21 points and 11 rebounds, scored Indiana's first seven points of the fourth quarter as the Pacers, who trailed by eight points early in the third quarter, tied the game 75-75.

Rik Smits added 20 points and 12 rebounds, and Derrick McKey finished with 15 points. Milwaukee was led by Vin Baker with 23.

Hawks 87, Raptors 79 Mookie Blaylock hit seven of nine 3-point attempts and finished with 24 points to lead Atlanta at Toronto. It was the fewest points scored by the expansion Raptors, who were led by the rookie Damon Stoudamire with 18 points.

The Hawks scored the game's final nine points to send the Raptors to their fifth consecutive loss.

Suns 111, Warriors 106 Charles Barkley sat out his second straight game, but Phoenix still was able to break a four-game losing streak by winning at Golden State.

A.C. Green had 17 points and 10 rebounds while playing 47½ minutes for the Suns, who dressed just eight players. Barkley was out following minor surgery on his left big toe.

Clippers 109, Timberwolves 89 Loy Vaught had 18 points and 12 rebounds to lead Los Angeles to its fourth straight.

Lamond Murray added 17 points and Malik Sealy 16 for the Clippers, who used an 11-2 run early in the fourth quarter to put the game away. Terry Dehere scored 15 points and rookie Brent Barry had 13.

Bruins Smother Mighty Ducks, 7-2

The Associated Press

Chris Terreri put on a goaltending clinic for his old bosses. Craig Billington was strong in goal, too, but he got little satisfaction from his performance.

Terreri had 31 saves for the San Jose

NHL ROUNDUP

Sharks in a 2-1 victory over the New Jersey Devils, the team that traded him two months ago. But Billington will become the backup to the newly acquired Bill Ranford despite his brilliance Thursday night in leading the Boston Bruins over the Anaheim Mighty Ducks, 7-2.

"An internal belief in myself and the trust of my teammates will get me through this," Billington said of Boston's trade with the Edmonton Oilers that relegated him to backup. Cam Neely had two goals and an assist and Todd Elik and Adam Oates each had one goal and three assists to lead the Boston offense.

Sharks 2, Devils 1 Terreri stopped at least 10 good scoring chances as the Sharks snapped a seven-game losing streak. Shean Donovan got the game-winner 2:45 into the third period. Jayson More got the other Sharks goal.

Capitals 6, Senators 1 Peter Bondra had three goals and two assists and Michal Pivonka scored a career-high six points as Washington defeated Ottawa.

It was the fourth career hat trick for Bondra, who got a goal in each period and tied his career mark for points. Pivonka had two goals and four assists for the host Capitals, while Keith Jones, with one goal and three assists, also set a career high for points in a game.

Islanders 4, Maple Leafs 3 Tommy Soderstrom stopped 43 shots and Zigmund Palffy scored the game-winner late in the second period as New York hung on to defeat Toronto.

Dan Plante, Mathieu Schneider and Niklas Andersson also scored for the Islanders.

Todd Warriner, Mike Gartner and Mats Sundin scored for the Maple Leafs. The Toronto goalie Damian Rhodes gave up four goals on 12 shots.

Blues 4, Flyers 4 In Philadelphia, Stephane Matteau's second goal of the game, with 24 seconds remaining in the third period, pulled St. Louis into a tie with the Flyers. Michael Renberg, Eric Lindros, Eric Desjardins and Yanick Dupre scored for Philadelphia.

Craig Johnson and Shayne Corson had the other St. Louis goals.

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE

ATLANTIC DIVISION

	W	L	Pct	GB
Orlando	26	7	.788	—
New York	21	11	.656	4½
Washington	17	16	.515	9
Miami	16	16	.500	9½
Boston	14	19	.424	12
New Jersey	13	19	.406	12½
Philadelphia	6	25	.194	19

CENTRAL DIVISION

Chicago	29	3	.906	—
Indiana	20	13	.606	9½
Cleveland	18	14	.563	11
Detroit	17	15	.531	12
Atlanta	16	17	.485	13½
Charlotte	16	18	.471	14
Milwaukee	12	21	.364	17½
Toronto	9	25	.265	21

WESTERN CONFERENCE

MIDWEST DIVISION

	W	L	Pct	GB
San Antonio	22	9	.710	½
Houston	24	10	.706	—
Utah	22	11	.667	1½
Denver	15	19	.441	9
Dallas	9	23	.281	14
Minnesota	8	25	.242	15
Vancouver	6	28	.176	18

PACIFIC DIVISION

Seattle	23	10	.697	—
Sacramento	19	11	.633	2½
L.A. Lakers	18	17	.514	6
Portland	16	18	.471	7½
Phoenix	14	17	.452	8
Golden State	15	19	.441	8½
L.A. Clippers	15	20	.429	9

THURSDAY'S RESULTS

Atlanta	11	25	27	24—	87
Toronto	21	9	21	28—	79

A: Augmon 6-11 3-4 15; Blaylock 8-15 1-2 24, T: Stoudamire 6-15 5-7 18; Miller 6-11 1-1 13. Rebounds—Atlanta 37 (Long 11), Toronto 53 (Rogers, Massenburg, Tabak 7). Assists—Atlanta 21 (Blaylock 7), Toronto 23 (Stoudamire 9).

Detroit	21	20	28	34—	95
Charlotte	19	25	19	30—	93

D: Hill 9-15 3-4 21; Houston 11-18 3-6 26. C: Johnson 7-16 7-11 21; Gill 8-24 3-3 19. Rebounds—Detroit 46 (Hill 12), Charlotte 48 (Geiger 10). Assists—Detroit 19 (Hill 7), Charlotte 21 (Adams 7).

Milwaukee	20	26	25	17—	88
Indiana	22	18	28	28—	96

McRobinson 7-19 1-1 15; Baker 10-18 2-4 23, I: D.Davis 9-13 3-7 21; Smits 9-15 2-2 20; Miller 8-11 10-10 24. Rebounds—Milwaukee 42 (Baker 10), Indiana 44 (Smits 12). Assists—Milwaukee 19 (Douglas 7), Indiana 23 (Jackson 12).

Minnesota	21	24	24	20—	89
L.A. Clippers	26	33	16	34—	109

M: Mitchell 5-7 11-12 21; Laettner 7-17 10-11 24. LAC: Murray 10-14 4-5 24; Vaught 9-12 6-6 24. Rebounds—Minnesota 45 (Guglioffa 9), L.A. Clippers 55 (Vaught 12). Assists—Minnesota 9 (Porter 5), Los Angeles 28 (Dehere 5).

Phoenix	29	34	26	34—	111
Golden State	22	25	28	31—	106

P: Perry 6-14 7-10 20; Person 6-12 3-3 18. G.S.: J.Smith 9-21 10-10 28; Sprewell 8-18 6-6 23. Rebounds—Phoenix 47 (Green 10), Golden State 64 (J.Smith 13). Assists—Phoenix 24 (Perry 8), Golden State 26 (Hardaway 6).

Top 25 College Results

How the top 25 teams in The Associated Press' college basketball poll fared Thursday: 3, Kansas (12-1) beat Florida 69-54. Next vs. St. Peter's, Monday; 4, Cincinnati (10-0) beat Southern Mississippi 75-70. Next vs. Marquette, Saturday; 9, Memphis (10-2) beat DePaul 74-55. Next at South Florida, Sunday; 17, UCLA (10-3) beat No. 24 Stanford 64-56. Next vs. California, Saturday; 20, Penn State (12-0) beat Minnesota 76-61. Next at Northwestern, Saturday; 24, Stanford (8-3) lost to No. 17 UCLA 64-56. Next at Southern California, Sunday.

Major College Scores

THURSDAY'S RESULTS

California 63, Southern Cal 60
Fairfield 92, Colgate 82
Marist 86, Long Island U. 69
Oregon 70, Washington St. 63
Oregon St. 63, Washington 55
St. Bonaventure 57, Fordham 50
Temple 62, Dayton 46
Tulane 68, South Florida 63

EUROPEAN CLUBS' CHAMPIONSHIP

SEMIFINALS

GROUP A

Olympique d'Antibes 88, Iraklis Salonika 65
Ulkerspor 87, Benetton Treviso 83
CSKA 78, Olympiakos 72
Bayer Leverkusen 89, Unicaja Malaga 94

GROUP B

Real Madrid 77, Maccabi Tel Aviv 75
Buckler Bologna 95, Cibona Zagreb 73

HOCKEY

NHL Standings

EASTERN CONFERENCE

ATLANTIC DIVISION

	W	L	T	Pts	GF	GA
N.Y. Rangers	27	11	7	61	168	127
Florida	27	12	3	57	148	109
Philadelphia	23	11	9	55	152	109
Washington	20	17	4	44	117	105
Tampa Bay	17	17	7	41	119	142
New Jersey	18	20	4	40	105	106
N.Y. Islanders	11	22	8	30	119	153

NORTHEAST DIVISION

Pittsburgh	27	11	3	57	202	128
Montreal	19	18	5	43	127	132
Boston	17	16	6	40	142	142
Buffalo	18	20	3	39	124	136
Hartford	14	22	5	33	106	133
Ottawa	8	32	1	17	96	166

WESTERN CONFERENCE

CENTRAL DIVISION

	W	L	T	Pts	GF	GA
Detroit	29	9	3	61	154	89
Toronto	22	15	7	51	141	126
Chicago	21	14	9	51	146	125
St. Louis	18	18	6	42	112	113
Winnipeg	19	20	3	41	153	156
Dallas	11	20	9	31	104	132

PACIFIC DIVISION

Colorado	23	13	7	53	168	121
Los Angeles	16	17	10	42	149	142
Vancouver	14	16	11	39	152	146
Anaheim	15	24	5	35	126	149
Calgary	14	22	7	35	122	139
Edmonton	14	23	6	34	112	169
San Jose	9	30	4	22	126	193

THURSDAY'S RESULTS

Anaheim	0	0	2—2
Boston	4	1	2—7

First Period: B-Elik 4 (Oates, Bourque) (pp). 2, B-Oates 12 (Sweeney, Chynoweth). 3, B-Sweeney 3 (Elik). 4, B-Chynoweth 1 (Elik, Neely). Second Period: B-Neely 21 (Oates). Third Period: A-Ewen 3 (Kariya, Rucchin). 7, B-Neely 22 (Oates, Elik). 8, A-Tverdovsky 7 (Krygier, Kilger). 9, B-Stumpel 9 (Stevens, McEachern). Shots on goal: A- 5-14-9—28. B- 19-12-9—40. Goalies: A-Hebert, Shtalenkov. B-Billington.

San Jose	1	0	1—2
New Jersey	0	1	0—1

First Period: S.J.-More 1 (Janney). Second Period: N.J.-Guerin 13 (Stevens, Thomas). Third Period: S.J.-Donovan 7 (Kozlov). Shots on goal: S.J.- 7-7-3—17. N.J.- 14-13-5—32. Goalies: S.J.-Terreri. N.J.-Brodeur.

Ottawa	1	0	0—1
Washington	1	3	2—6

First Period: O-Charbak 3 (Drury, McCleary). 2, W-Bondra 22 (Jones, Pivonka). Second Period: W-Pivonka 4 (Bondra, Jones) (pp). 4, W-Pivonka 5 (Bondra, Reekie). 5, W-Bondra 23 (Juneau, Pivonka). Third Period: W-Bondra 24 (Pivonka, Jones) 242. 7, W-Jones 15 (Pivonka, Johansson). Shots on goal: O- 10-10-4—24. W- 6-7-13—26. Goalies: O-Beaupre. W-Carey.

Toronto	0	2	1—3
N.Y. Islanders	3	1	0—4

First Period: New York, Plante 2 (McInnis) (sh). 2, New York, Schneider 4 (Green, McInnis) (pp). 3, New York, Anderson 4 (Semak). Second Period: T-Warriner 5 (Sundin, Craig). 5, T-Gartner 22 (Gilmour, Gill). 6, New York, Palffy 15 (Lachance, Lvongo). Third Period: T-Sundin 19 (Jonsson, Murphy). Shots on goal: T- 13-12-21—46. New York 7-5-11—23. Goalies: T-Rhodes, Potvin. New York, Soderstrom.

St. Louis	1	2	1	0—4
Philadelphia	1	1	2	0—4

First Period: P-Renberg 22 (Lindros) :24. 2, St. Louis, Johnson 6 (Pronger, Courtnall). Second Period: S.L.-Corson 13 (Hull). 4, St. Louis, Matteau 5 (Hudson). 5, P-Desjardins 4 (Lindros, LeClair) (pp). Third Period: P-Lindros 26 (Otto, Brind'Amour) (pp). 7, P-Dupre 2 (Semenov, Podein). 8, S.L.-Matteau 6 (Noonan, MacInnis). Overtime—None. Shots on goal: S.L.- 10-12-6-2—30. P- 14-12-11-1—38. Goalies: S.L.-Fuhr. P-Hextall.

TENNIS

Davis Cup Results

EURO-AFRICAN ZONE, GROUP 3

Greece 3, Kenya 0
Botswana 3, Congo 0
Monaco 3, Togo 0
Estonia 3, Djibouti 0
Ireland 2, Cameroon 1
Moldova 2, Zambia 1

COLONIAL CLASSIC

IN MELBOURNE

SEMIFINAL

Yevgeny Kafelnikov (3), Russia, def. Andre Agassi (1), Las Vegas, 2-6 6-2, 7-6 (7-2).

FIFTH PLACE

Wayne Ferreira, South Africa, def. Pat Rafter, Australia, 7-6 (7-4), 6-3.

EXHIBITION MATCHES

Stefan Edberg, Sweden, def. Andrea Gaudenzi, Italy, 6-4, 6-1; Boris Becker, Germany, def. Pete Sampras, U.S., 4-6, 6-1, 7-6 (8-6).

BELLSOUTH OPEN

IN AUCKLAND

QUARTERFINALS

Brett Steven (5), New Zealand, def. David Rikl, Czech Republic, 6-4, 7-5; Jiri Novak (8), Czech Republic, def. Jaime Yzaga, Peru, 6-2, 6-1; Javier Frana, Argentina, def. Hernan Gumy, Argentina, 6-3, 7-6 (7-2).

PETERS INTERNATIONAL

IN SYDNEY

MEN'S SEMIFINALS

Goran Ivanisevic (1), Croatia, def. Todd Woodbridge, Australia, 6-3, 7-6 (8-6); Todd Martin (5), U.S., def. Greg Rusedski, Britain, 7-5, 7-6 (7-2).

WOMEN'S QUARTERFINALS

Brenda Schultz-McCarthy (5), Netherlands, def. Mary Joe Fernandez (3), U.S., 7-6 (7-4), 6-3; Kimiko Date (2), Japan, def. Chanda Rubin (6), U.S., 6-0, 6-1; Lindsay Davenport (4), U.S., def. Nicole Bradtke, Australia, 6-3, 6-7 (6-8), 6-3.

TASMANIAN INTERNATIONAL

IN HOBART

QUARTERFINALS

Julie Halard-Decugis, France, def. Silvia Farina, Italy, 6-7 (6-8), 6-1, 6-4; Shi-Ting Wang, Taiwan, def. Judith Wiesner (7), Austria, 6-3, 6-3; Mana Endo, Japan, def. Ai Sugiyama (8), Japan, 6-1, 7-5; Florencia Labat, Argentina, def. Virginia Ruano-Pascual, Spain, 6-3, 6-3.

FOOTBALL

NFL Draft

EARLY ENTRIES

Complete list of players who have been granted special eligibility to enter the 1996 NFL draft in April with position and school:

Kerlon Abdul-Jabbar, rb, UCLA
Willie Anderson, ot, Auburn
Ricky Belt, db, N.C. State
Tshimanga Biakabutuka, rb, Michigan
Tony Brackens, de, Texas
Duane Clemons, de, California
Jamie Coleman, db, Appalachian State
Keith Drayton, nt, Georgia
Terry Glenn, wr, Ohio State
Terry Guess, wr, Gardner-Webb
Jermaine Johnson, rb, Vanderbilt
Eddie Kennison, wr-kr, LSU
Jevon Langford, de, Oklahoma State
Ray Lewis, LB, Miami
Clarence Matthews, rb, N.W. Louisiana
Leeland McElroy, rb, Texas A&M
Lawyer Milloy, s, Washington
Jerald Moore, rb, Oklahoma
Lawrence Phillips, rb, Nebraska
Jon Runyan, ol, Michigan
Freddie Scott, wr, Penn State
Alfred Shipman, rb, Miami
Regan Upshaw, de, California
Moe Williams, rb, Kentucky
Terrell Wills, rb, Rutgers

SOCCER

SPANISH CUP

FOURTH ROUND, FIRST LEG

Espanyol 4, Real Madrid 1

CONCACAF GOLD CUP

GROUP A

Mexico 5, St. Vincent and the Grenadines 0

CRICKET

WORLD SERIES CUP

AUSTRALIA VS. SRI LANKA

FRIDAY, IN PERTH

Australia innings: 266-6 (50 overs)
Sri Lanka innings: 183-9 (50 overs)
Result: Australia won by 83 runs.

TRANSITIONS

BASEBALL

AMERICAN LEAGUE

BALTIMORE—Agreed to terms with Mike Devereaux, outfielder, on 1-year contract.

CLEVELAND—Agreed to terms with Julian Tavarez, pitcher, on 3-year contract.

TEXAS—Announced they will share a player development contract with Tampa Bay at Hudson Valley, NY-PL, for 1996 season. Named Gary Allenson manager of Charleston, SAL, and Jim Byrd manager and Steve Foucault pitching coach of the Rangers, GCL.

NATIONAL LEAGUE

ATLANTA—Named Mike Dunn general manager of Macon, SAL.

FLORIDA—Agreed to terms with Billy McMillon, outfielder, and Aaron Small, Bryan Ward and Jarod Juelsgaard, pitchers, on 1-year contracts.

HOUSTON—Named Vern Ruhle coordinator of minor-league pitching instruction.

PHILADELPHIA—Named Joe Rigoli bullpen coach.

ST. LOUIS—Agreed to terms with Pat Borders, catcher, on 1-year contract.

BASKETBALL

NATIONAL BASKETBALL ASSOCIATION

HOUSTON—Signed Rudy Tomjanovich, coach, to 2-year contract extension through 2000.

WASHINGTON—Signed Michael Curry, forward, to 10-day contract.

FOOTBALL

NATIONAL FOOTBALL LEAGUE

GREEN BAY—Put Aaron Taylor, guard, on injured reserve. Signed Reggie Holt, safety, off the practice squad.

MIAMI—Named Jimmy Johnson coach and signed him to 4-year contract.

HOCKEY

NATIONAL HOCKEY LEAGUE

EDMONTON—Traded Bill Ranford, goalie, to Boston for Sean Brown, defenseman; Mariusz Czerkawski, right wing; and 1996 1st-round draft pick.

SAN JOSE—Recalled Vlastimil Kroupa, defenseman, from Kansas City, IHL.

COLLEGE

AUBURN—Named Pete Jenkins defensive line coach.

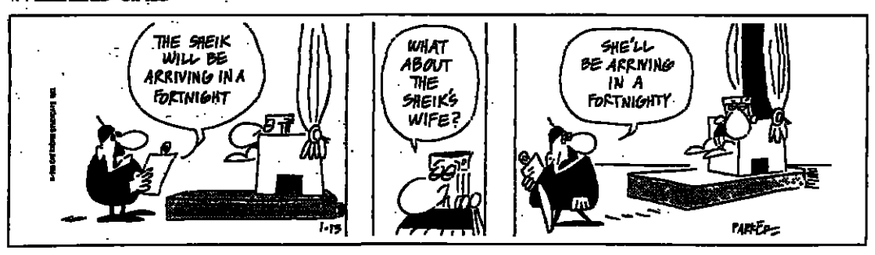
DAYTON—Named Dwayne Shaffer mens soccer coach.

DUKE—Promoted Larry Beckish, assistant football coach, to offensive coordinator.

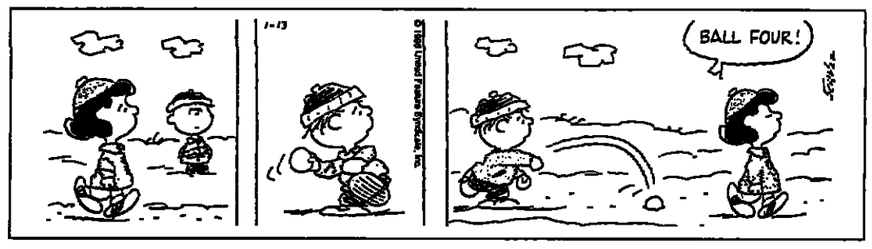
FAIRFIELD—Named Kevin Kiesel football coach.

DOONESBURY

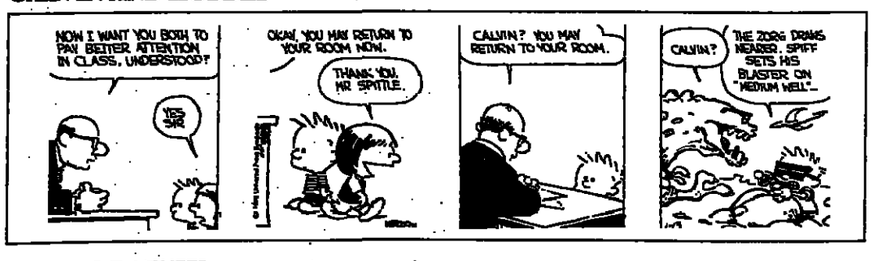
WIZARD of ID



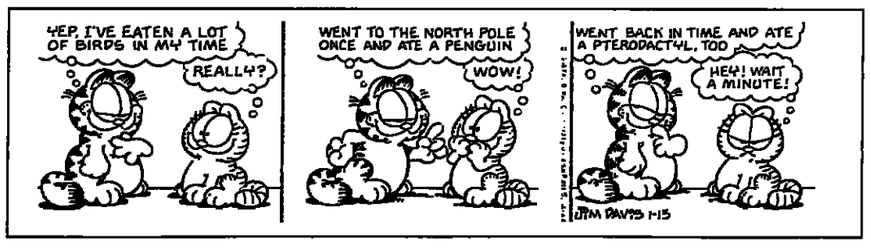
PEANUTS



CALVIN AND HOBBES

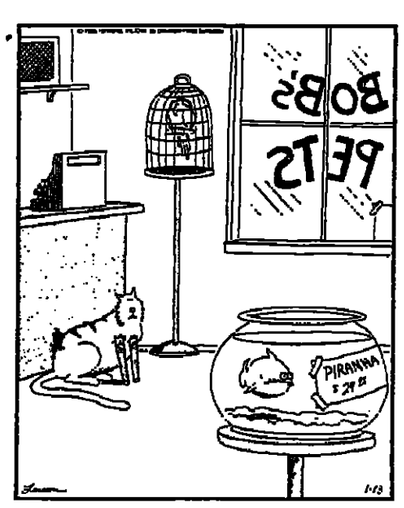


GARFIELD



BEETLE BAILEY

THE FAR SIDE



BLONDIE

JUMBLE®

THAT SCRAMBLED WORD GAME by Henri Arnold and Mike Argirion

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

LYBUL

SYGGO

ANOMEY

TOBLET

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: WHAT _____ _____

(Answers Monday)

Yesterday's Jumbles: GROOM ABITY USEFUL FARINA
Answer: What they considered their white water adventure —A RAFT OF FUN

DAVE BARRY

Hootie and the Language

MIAMI — It is time once again for Ask Mister Language Person, the award-winning column whose motto is: "People judge you by the way you talk, especially if you spit on them." In this popular feature — the only language column endorsed by both Hootie AND the Blowfish — we answer your common questions about grammar, vocabulary, punctuation, entomology and the U.S. Tax Code.

Today, as is our custom, we will start with our first question, which is:

Q. How come you always refer to yourself in the plural?

A. We have a huge intestinal parasite.

Q. Should people who cannot grasp the difference between "it's" and "its" be allowed to vote?

A. No.

Q. What about people who say "between you and I"?

A. We favor execution without trial.

Q. Like most people, I would like to use the words "parameters" and "behoove" in the same sentence, but I am not sure how.

A. According to the Oxford English Cambridge Dictionary of Big Words, the proper usage is: "Darlene, it frankly does not behoove a woman of your parameters to wear them stretch pants."

Q. As an attorney, I wish to know the correct legal way to say "I don't know."

A. There is no legal way for an attorney to say this.

Q. Thank you.

A. That will be $400.

Q. What are those weird strings of letters that have started showing up everywhere in newspaper stories, advertisements, TV shows, etc., the ones that look like "http//www/clamsucker.doo.wah"?

A. Those are code instructions to Dan Rather from his home planet.

Q. Please quote, in its entirety, a Washington state news item from the Oct. 31 issue of USA Today, sent in by alert reader Mary Louise Flanneary.

A. Certainly: "TACOMA — Fish and Wildlife Services scientists plan to kill about 40 stocky, black sea ducks called surf scoters around Commencement Bay to find out why their numbers are declining."

Q. Did the Nov. 5 issue of the Richmond Times-Dispatch run a help-wanted ad seeking applicants for management positions with a national restaurant chain?

A. Yes.

Q. What, exactly, did the headline say?

A. It said: "JOIN IN THE GROWTH OF HOOTERS!"

Q. If you do a column consisting primarily of random comical news items sent in by alert readers, do you still get all the money?

A. Yes. Here are some more:

Bill Jackson sent in a news item from the Nov. 3 Kansas City Star, which begins: "A small fire blamed on flaming croutons damaged a south Kansas City restaurant early Thursday morning."

Nando Amabile sent in a photo caption from the Oct. 9 Las Cruces (New Mexico) Sun-News, which begins: "Conlee Elementary School students dissect sheep eyeballs during Family Fun night."

Arnold Joyal sent in a police story from the Nov. 12, 1994, San Jose Mercury News concerning a suspect who was charged with "two misdemeanor counts of touching a woman while changing her tire."

Greg Bair sent in a photo he took of a historic marker in Parkview, Oregon, which states: "WORLD HISTORY — APPROXIMATELY 100 FEET SOUTHEAST OF THIS SIGN, DAVID R. COOPER FIRST ARTIFICIALLY INSEMINATED A TURKEY."

Kathleen Ganzlin sent in an obituary from the Oct. 5, 1994, Wisconsin State Journal that states the deceased died at a local hospital "after a long courageous battle with doctors."

Q. "Sheep Eyeballs" would be a good name for a rock band.

A. So would "The Flaming Croutons."

TODAY'S TIP FOR TV NEWS PERSONALITIES: In planning the spontaneous on-air banter that you engage in with the other news personalities between stories, make sure that the "mood" of the banter is appropriate to the news story immediately preceding: WRONG: Ha ha! RIGHT: Those flame-throwers are nothing to fool around with, Ted.

Knight-Ridder Newspapers.

Of Culture and the Marketing of Novels

International Herald Tribune

PARIS—Best selling novelists here want not only royalties but respect. Fat chance, as Paul-Loup Sulitzer recently learned when the minister of culture conferred on him a mission to explore ways of increasing French cultural exports and the tight little French literary world exploded into a series of jokes

MARY BLUME

and attacks, led by Bernard Pivot, the popular TV book maven who wrote in his column in the Journal du Dimanche that in terms of French culture Sulitzer hardly represents a capital gain.

Pivot deliberately used a financial metaphor because in addition to having sold 45 million copies of his books Sulitzer is a mighty rich entrepreneur whose financial interests range from Eastern Europe to property development in Saint-Tropez and who claims to pay $100,000 per month in taxes. He calls his novels financial westerns and they have titles like "Money," his first effort, and "Cash" and "Cartel."

"A book called 'Money' in English in France in the 1970s was like publishing a sex book under Franco, it was like a crime," Sulitzer said in his office, which is decorated with magazine covers on which he has been featured, translations of his books (43 languages) and a stale stogie. He is a short man with closely bitten nails and a well-tailored dark gray suit which does not quite conceal a portliness surprising in the author of three diet and nutrition books (he also used to write poetry but there was no market for it).

Sulitzer is a market force all by himself and this, he says, is why "two or three" people don't like him and why there was all the fuss about his Ministry of Culture appointment.

"Intellectuals think you dirty your hands if you have anything to do with marketing cultural products," he says. (They aren't crazy about the phrase cultural products either).

"What surprised us is that book circles reacted so badly," says a spokesman at the Ministry of Culture which is feeling badly burned by the affair, or at least embarrassingly singed.

According to the ministry, it was Sulitzer who offered his services to the minister of culture, Philippe Douste-Blazy, who is also the mayor of Lourdes who has neither his predecessors' clout nor guile. Sulitzer says it was the minister who approached him.

The printed suggestion that the mission came at the instigation of President Jacques Chirac, whose campaign Sulitzer supported, draws a wry laugh. "If I had something to ask of the president, why would I bother with this? It's more trouble than it's worth."

What Douste-Blazy offered was "a *mission de réflexion*," a vague term excluding a budget and final report. "All people of goodwill are welcome to reflect on the export of cultural products," said Eric Gross of the minister's office.

Louis Monier

Paul-Loup Sulitzer, a controversial mission.

Gross says the ministry was very surprised when Sulitzer released a communique about the mission to the press ("It made it sound as if he were the only person to be given such a mission") while Sulitzer claims the ministry told him to do so. The moment the news was out, the publishing world and the press had a field day. "We didn't expect him to make all that noise and nor did we expect that people would mock him to that extent because in the minister's mind it was not excluded that he would have interesting ideas," said Gross.

In his intensely public literary career, Sulitzer has even provoked levity in the solemn Le Monde, which published a mock obituary of Sulitzer upon the death of his leading ghostwriter. The problem, as he sees it, is that he is a rebel in the literary establishment.

He began in the business world manufacturing key rings during the 1960s craze, got himself into the Guinness Book of records as the youngest company head in France and has kept himself in the news ever since. The problem with someone like Pivot, he says, is that he is a talented journalist who as a writer is zero and that he has become a cultural ayatollah who, as his reputation flags, has used Sulitzer as a means of gaining publicity.

"When I am with other intellectuals, Nobel prizewinners, people who are very huge, they never say anything about me. It's always the same people who do — journalists or failed writers who have decided that without them nothing exists. I am sorry, I don't play that game. I am not with the Marquise de Sévigné in a salon, those days are over."

Sulitzer says he became a rebel very young when the two choices were to become a follower of Sartre or a bourgeois. "I couldn't understand Sartre, I didn't like him, he said money has no ideas and I thought money had lots of ideas. And I didn't agree with the French bourgeoisie, which was very conservative. They would never talk about money, they would drive to their factories in a very small car and keep five Rolls-Royces in their garage. I couldn't understand that."

So he wrote "Money" to explain modern economics to the French. "The French with economics were like the Bantu in Africa, they knew nothing about the real world."

Sulitzer says he has come to understand all the aggressivity towards him. "A lot of people live from subsidies, I live from the market." And Pivot, he adds, cannot bear that he succeeded without Pivot's aid.

Back to the *mission de réflexion*. Sulitzer says he has started reflecting and will finish in eight months. "I will fulfill my mission correctly and without pay." The fuss with the Ministry of Culture he describes, confusingly, as "a straw in a cup of tea." If the ministry seems a bit embarrassed, Sulitzer certainly is not.

"All those pseudo-intellectuals throwing themselves on us, the people in the ministry got scared." However, he added, if the minister agrees to something, he should stick to it. At the ministry, Eric Gross says they have nothing to hide except their astonishment at the publicity Sulitzer has garnered for a minor appointment.

"If this is the minister's only problem in his political career," Sulitzer remarked with a smile, "then he is in luck."

POSTCARD

A Great Burgundy Winemaker's Double Life

By Frank J. Prial
New York Times Service

VOSNE-ROMANEE, France — Aubert de Villaine has a miserable cold. He sniffs, coughs and dabs at his nose.

At this time of year, it's a wonder that there are any people here in Burgundy who don't have colds. The brown leafless vineyards are often wreathed in clammy fog; an arctic wind regularly roars down from the Alps; even the fabled cellars, cool havens in summer, are chilly and inhospitable.

De Villaine, who is co-director of the Domaine de la Romanée-Conti, perhaps the most hallowed of all French vineyards, would like to be in bed. After all, the grapes have been picked and the wine made. No such luck. For in fact, the tall tweedy, bespectacled de Villaine wears two hats, neither of them likely to fend off a winter cold.

Besides the Domaine de la Romanée-Conti, which for more than 100 years has set the standards for all Burgundy vineyards, de Villaine owns and operates the Domaine A&P de Villaine, about 40 kilometers (25 miles) south of Vosne-Romanée in the obscure village of Bouzeron. There he makes good but simpler wines and leads a relatively simple life. "It's only a 30-minute drive from one place to the other," he said, "but the emotional and psychological distance is vast." Bouzeron is wine-making in an old, small cellar, with a few cases laid out to accommodate the rare visitor. Life is governed by the unpredictability of Burgundy weather.

In Bouzeron, de Villaine owns some 75 acres, of which about 50 are in vines. His principal wine is aligoté, one of only two white-wine grapes permitted in Burgundy. Aligoté was looked down on in the past, and de Villaine has seen it as his challenge to give it respectability. Currently he sells about 5,000 cases of aligoté a year, much of it in the United States. At Bouzeron, he also makes a white Burgundy from chardonnay grapes, called Les Clous, and a red Burgundy from pinot noir, called La Digoine.

To de Villaine, Bouzeron means bouncing casually through vineyards in a muddy Land Rover. Vosne-Romanée and the Domaine de la Romanée-Conti mean constant pressure from suppliers for a few more bottles.

"I unwind driving home to Bouzeron," he said.

WEATHER

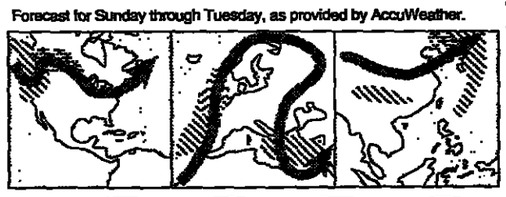
Europe

	Today High C/F	Today Low/W C/F	Tomorrow High C/F	Tomorrow Low/W C/F
Algarve	15/59	10/50 c	14/57	10/50 r
Amsterdam	7/44	4/39 pc	7/44	4/39 r
Ankara	6/43	-2/29 pc	6/43	-4/25 c
Athens	13/55	8/46 c	12/53	7/44 r
Barcelona	14/57	9/48 c	14/57	8/46 c
Belgrade	7/44	-3/29 s	4/39	-2/29 s
Berlin	6/43	2/36 r	7/44	1/34 pc
Brussels	7/44	4/39 pc	8/46	3/37 pc
Budapest	4/39	-1/31 pc	3/37	-1/31 pc
Copenhagen	4/39	2/35 r	6/43	2/36 pc
Costa Del Sol	15/59	8/46 s	18/64	11/52 pc
Dublin	9/48	8/46 r	10/50	5/41 sh
Edinburgh	8/46	7/44 r	8/46	6/43 r
Florence	11/52	4/39 pc	10/50	5/41 pc
Frankfurt	6/43	2/36 pc	7/44	1/34 pc
Geneva	7/44	2/36 r	7/44	1/34 pc
Helsinki	0/32	-2/29 sn	1/34	-4/25 sn
Istanbul	11/52	3/37 s	8/46	3/37 pc
Las Palmas	23/73	13/55 s	21/70	13/55 pc
Lisbon	13/55	11/52 c	13/55	9/48 t
London	9/48	5/41 pc	11/52	8/43 pc
Madrid	11/52	3/37 pc	10/50	3/37 r
Milan	6/43	2/35 r	7/44	1/34 pc
Moscow	-4/25	-11/13 s	-3/27	-9/16 s
Munich	7/44	1/34 pc	8/46	0/32 s
Nice	12/53	7/44 r	12/53	8/45 r
Oslo	0/32	-2/29 sn	0/32	-3/27 sf
Mallorca	13/55	11/52 c	13/55	8/46 c
Paris	8/46	6/43 pc	8/46	4/39 c
Prague	5/41	-1/31 pc	5/41	-1/31 s
Reykjavik	4/39	2/35 r	3/37	0/32 r
Rome	12/53	8/46 r	11/52	8/43 t
St. Petersburg	-4/25	-7/20 sn	-3/27	-9/16 sn
Stockholm	2/35	0/32 t	3/37	-1/31 c
Strasbourg	7/44	3/37 r	8/46	2/35 c
Tallinn	1/34	-1/31 sn	1/34	-4/25 sn
Venice	8/46	3/37 c	9/48	3/37 s
Vienna	4/39	-1/31 pc	4/39	-1/31 pc
Warsaw	3/37	-2/29 pc	2/35	-3/27 c
Zurich	6/43	1/34 r	7/44	1/34 pc

Oceania

Auckland	23/73	17/62 c	24/75	17/62 pc
Sydney	28/82	19/66 pc	28/82	21/70 s

Forecast for Sunday through Tuesday, as provided by AccuWeather.



Jetstream — Unseasonably Cold — Unseasonably Hot — Heavy Rain — Heavy Snow

North America
The East Coast will be mainly dry with seasonable temperatures Sunday through Tuesday. Chicago and Toronto will have some snow flurries, mainly on Monday. Wind and rain will hit Seattle and Portland. Southern California will turn cooler but should remain dry.

Europe
Rain will fall at times in England, Portugal, and the western parts of France and Spain. There will also be some rain from southern Italy through Greece into Turkey. Much of Europe, including Germany and northern Italy, as well as the eastern countries, will be dry and chilly.

Asia
Rain will soak parts of Japan on Sunday, then Monday and Tuesday will be windy and turn colder. North Korea will have snow Sunday while South Korea has flurries. Monday and Tuesday will be dry. Beijing and Shanghai will be mainly dry and chilly. Hong Kong may have a few showers.

Middle East

	Today High C/F	Today Low/W C/F	Tomorrow High C/F	Tomorrow Low/W C/F
Abu Dhabi	21/70	11/52 c	20/68	11/52 c
Beirut	18/64	10/50 s	18/64	12/53 s
Cairo	18/64	10/50 pc	22/73	11/52 s
Damascus	13/55	5/41 pc	15/59	5/41 s
Jerusalem	14/57	8/46 c	15/59	9/48 s
Luxor	25/77	9/48 s	25/84	9/48 s
Riyadh	19/66	7/44 s	20/68	8/46 s

Africa

	Today High C/F	Today Low/W C/F	Tomorrow High C/F	Tomorrow Low/W C/F
Algiers	13/55	12/53 sh	15/59	11/52 c
Cape Town	27/80	17/62 s	25/77	18/61 pc
Casablanca	14/57	7/44 c	19/66	8/46 s
Harare	20/68	10/50 pc	22/71	8/46 pc
Lagos	30/86	24/75 pc	29/84	24/75 pc
Nairobi	23/73	9/48 pc	28/79	12/53 pc
Tunis	13/55	9/48 r	14/57	6/43 r

Asia

	Today High C/F	Today Low/W C/F	Tomorrow High C/F	Tomorrow Low/W C/F
Bangkok	33/91	21/70 pc	32/89	21/70 pc
Beijing	0/32	-3/27 sn	1/34	-12/11 sf
Hong Kong	18/64	15/59 pc	19/66	18/61 pc
Manila	31/88	24/75 pc	31/88	24/75 pc
New Delhi	20/68	15/59 pc	18/64	12/53 c
Seoul	6/46	2/35 pc	6/43	1/34 r
Shanghai	10/50	6/43 sh	11/52	2/35 pc
Singapore	28/82	24/75 pc	28/82	24/75 pc
Taipei	20/68	15/59 c	22/71	14/57 c
Tokyo	11/52	0/32 s	14/57	8/46 c

Latin America

Buenos Aires	28/79	10/50 pc	28/84	18/64 s
Caracas	29/84	17/62 pc	29/84	18/64 pc
Lima	23/73	19/66 pc	24/75	20/68 pc
Mexico City	22/71	4/39 s	21/70	6/43 pc
Rio de Janeiro	31/88	23/73 t	29/84	23/73 pc
Santiago	28/82	9/48 s	27/80	9/48 pc

North America

Anchorage	-5/22	-18/0 s	-7/20	-18/4 pc
Atlanta	11/52	0/32 s	18/64	8/46 s
Boston	1/34	-2/29 pc	-1/31	-8/22 pc
Chicago	4/39	-2/29 pc	4/39	-3/27 pc
Denver	10/50	-1/31 r	18/64	-1/31 s
Detroit	1/34	-3/27 c	2/35	-6/22 pc
Honolulu	30/86	19/64 s	28/82	21/70 pc
Houston	22/71	6/43 s	23/73	7/44 s
Los Angeles	28/79	11/52 s	24/75	9/48 s
Miami	19/66	9/48 s	23/73	14/57 s
Minneapolis	1/34	-7/20 c	-3/27	-10/15 pc
Montreal	-7/20	-13/9 c	-9/16	-15/4 pc
Nassau	24/75	18/64 pc	25/77	19/66 pc
New York	3/37	-2/29 pc	1/34	-3/27 pc
Phoenix	25/77	13/55 s	24/75	8/46 s
San Fran.	14/57	7/44 pc	16/61	10/50 sh
Seattle	10/50	5/41 c	10/50	7/44 sh
Toronto	-2/29	-9/16 sf	-6/22	-11/13 pc
Vancouver	10/50	1/34 c	8/46	3/37 sh
Washington	4/39	-1/31 pc	6/43	-2/29 s

Legends: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, Hos, W-Weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1996

PEOPLE

THE Sex Pistols' sworn mission to destroy music in 1976 has evidently failed — 20 years later, they're getting together for a reunion tour. Lead singer **Johnny Lydon**, who was known as **Johnny Rotten** in his punk heyday, said the band would take a "disturbing, shocking and disrupting" tour of Europe, the United States, the Far East and Australia this year. The tour will start in the United States in the spring, Virgin Records said. The record company said that for the first time, the Pistols will rehearse for a month before touring. Joining original band members **Steve Jones** on guitar and **Paul Cook** on drums will be bass player **Glen Matlock**, who departed just before the group shot to fame in 1976. Matlock's replacement, **Sid Vicious**, died of a drug overdose in 1979. With songs like "Anarchy in the U.K." and "Pretty Vacant," the Sex Pistols outraged Britain by targeting institutions such as the monarchy and beach holidays. The group also influenced the eclipse of disco, the revival of political rock and the spiky hairdo, body-pierced look.

□

LaVyrle Spencer is trying to score on three fronts with her latest novel-in-progress, the story of a top country singer that will be made into a movie starring **Reba McEntire**. "In 1994, I got the idea of writing a book about a top country singer and getting a performer to sing a theme song for the book, which would also be the book's title," the author said. Spencer and McEntire are working with Universal Pictures to add film to the mix. The author met with the singer in Nashville after McEntire had read 12 chapters. "Reba and I hit it off like peaches and cream," Spencer said. "I had reached the point in the book where I needed to write a scene in a recording studio, and I didn't know a single thing about it. So Reba let me sit in on her session."

□

Paul Kellogg, who led a successful summer opera in a small town for 17 years, was named general and artistic director of the New York City Opera, replacing the late **Christopher Keene**. Kellogg, 58, has been general and artistic director of the Glimmerglass Opera in Cooperstown, New York, and will remain artistic director of that operation.

Daniela Dayregaux/The Associated Press

IN MOURNING — The soul singer James Brown leaving a funeral service in Los Angeles for his wife, Adrienne, 47, who died after surgery.

□

A former butler accused of lavish spending and heavy drinking was restored as co-executor of the late billionaire **Doris Duke's** estate until a hearing could determine if there was evidence of wrongdoing. In a unanimous decision, the New York State Court of Appeals reversed an earlier finding by a Manhattan Surrogate Court judge who had removed the butler, **Bernard Lafferty**, as well as the banking group U.S. Trust Co., as trustees of the $1.2 billion estate. Duke, heir to the American Tobacco Co. fortune and an international jet-setter, died at 80 in 1993, leaving almost all of her wealth to charity and naming Lafferty as the will's $500,000-a-year executor.

□

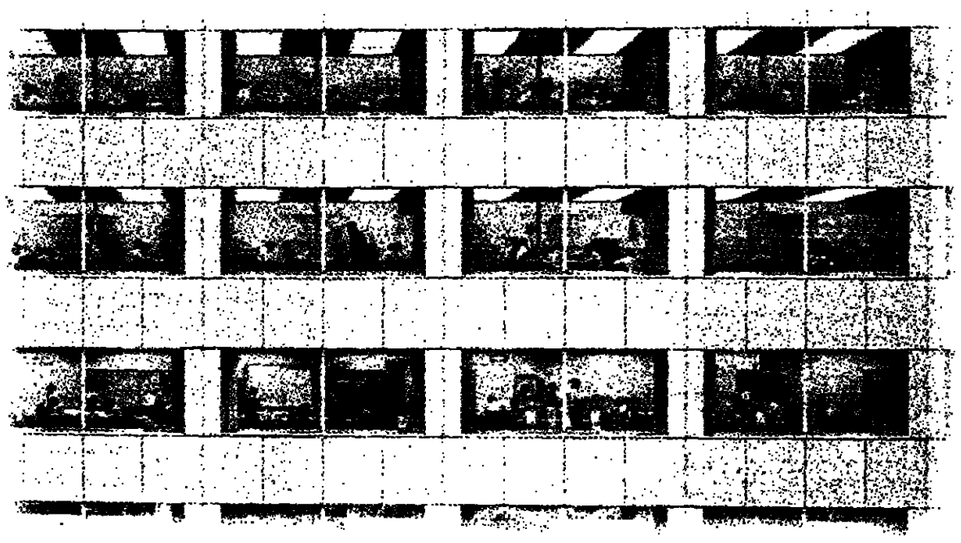
The comic **Al Franken** takes aim at some favorite political targets in his new book, which he describes as mean but fair. The title? "**Rush Limbaugh** is a Big, Fat Idiot and Other Observations." Franken takes jabs at Limbaugh, a radio talk-show host, **House Speaker Newt Gingrich** and other Republicans. Summing up the book's tone, Franken says: "The book is mean, but it's uncompromisingly fair."

□

Poetry wafted through the halls of Japan's imperial palace as the royal family observed one of its oldest traditions — the New Year's Poetry Party. Surrounded by dozens of guests, **Emperor Akihito, Empress Michiko** and other members of the imperial family sat stiffly by as poetry readers chanted their poems in a melodious style dating back more than a millennium. This year's theme — seedlings — inspired this contribution by Akihito, recalling Japan's devastation in World War II:

My thoughts go out to
Those people who years after
The war was over,
Where the mountains were laid waste
Planted seedlings.

A palace explanation of the poem, written in the traditional 31 syllables, said the emperor mentioned the war because 1995 was the 50th anniversary of Japan's surrender. The composition of poetry has been an important aspect of life in Japan's imperial family since the Heian Period, which ended in 1185.



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Slovak Rep.*†	.00-42-800-101
Spain▪	.900-99-00-11
Sweden	.020-795-611
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United Kingdom	.0800-89-0011
	0500-89-0011

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Bahrain▪	.800-001
Cyprus*▪	.800-90010
Egypt* (Cairo)▪	.510-0200
Israel	.177-100-2727
Jordan▪	.18 800 000
Kuwait▪	.800-288
Lebanon (Beirut)††	.426-801
Qatar▪	.0800-011-77
Saudi Arabia▪	.1-800-10
Syria	.0-801
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Gabon*	.080-001
Gambia*	.00111
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